

Critical Infrastructure Technologies Ltd.

Table of concordance from Final Prospectus to Form 2A

The following table lists the information required under the CSE Form 2A – Listing Statement, and provides the corresponding page numbers to Critical Infrastructure Technologies Ltd. (the “Company”) final long form prospectus dated February 13, 2023 (the “**Prospectus**”), to which the applicable information can be found. A copy of the Prospectus can be found under the Company’s profile on SEDAR (www.sedar.com), and a copy is attached hereto as Schedule “A”.

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**Schedule "A"**  
**Final Prospectus Dated February 13, 2023**

See attached

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus does not constitute a public offering of securities.

The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws, and except pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws, may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. Person (as that term is defined in Regulation S under the U.S. Securities Act). This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to, or for the account or benefit of, any U.S. Persons.

This prospectus is not a disclosure document under the Corporations Act 2001 (Commonwealth of Australia) and has not been lodged with the Australian Securities and Investments Commission and is not required to be.

## PROSPECTUS

New Issue

February 13, 2023

# CRITICAL INFRASTRUCTURE TECHNOLOGIES LTD.

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### 4,062,500 RESULTING ISSUER SHARES ISSUABLE UPON DEEMED EXERCISE OF 4,062,500 OUTSTANDING SPECIAL WARRANTS

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This long form prospectus (this "**Prospectus**") is being filed by Critical Infrastructure Technologies Ltd. (the "**Company**") with the British Columbia Securities Commission, the Alberta Securities Commission and the Ontario Securities Commission to qualify the distribution of up to 4,062,500 common shares in the capital of the Resulting Issuer (as defined herein) (the "**SW Shares**"), issuable for no additional consideration, upon the deemed automatic exercise of 4,062,500 issued and outstanding Special Warrants (as defined herein).

The Special Warrants are not available for purchase pursuant to this Prospectus and no additional funds are to be received by the Company from the distribution of the SW Shares. **No underwriter has been involved in the preparation of this Prospectus or performed any review or independent due diligence investigations in respect of the contents of this Prospectus.** No person is authorized by the Company to provide any information or make any representations other than those contained in this Prospectus.

The Special Warrants were issued by the Company on February 8, 2023, on a private placement basis pursuant to the Special Warrant Financing (as defined herein). The Company issued an aggregate of 4,062,500 Special Warrants at a price of \$0.30 per Special Warrant for aggregate gross proceeds of \$1,218,750. The Special Warrants are created and issued pursuant to the terms of an indenture (the "**Special Warrant Indenture**") entered into on February 8, 2023, between the Issuer and Odyssey Trust Company, in its capacity as agent for the Special Warrants. Pursuant to the Special Warrant Indenture, all unexercised Special Warrants shall be deemed to be automatically exercised (without any further action or payment on the part of the holder thereof) at 4:00 p.m. (Vancouver time) on the Automatic Conversion Date. The "**Automatic Conversion Date**" shall be the earlier of (a) the date on which the securities commissions or other securities regulatory authorities in each of the Selling Provinces (as defined herein) issue a receipt for the final long form prospectus of the Company qualifying the distribution of the SW Shares (the "**Qualification Date**") and (b) June 1, 2023. Assuming no Special Warrants are exercised prior to the Qualification Date, upon the deemed automatic exercise of the Special Warrants, the Resulting Issuer will issue 4,062,500 SW Shares for no additional consideration.

The Company received gross proceeds of \$1,218,750 from the sale of the Special Warrants. The Company has used and will use the proceeds from the Special Warrant Financing as set out in "*Information Concerning the Resulting Issuer - Use of Available Funds by the Resulting Issuer*".

Notwithstanding that this Prospectus is being filed to qualify the distribution of the SW Shares, in the event that a holder of Special Warrants exercises the Special Warrants prior to the Qualification Date, the securities issued upon exercise of those Special Warrants will be subject to statutory hold periods under applicable securities legislation and will bear any legends as required by applicable securities laws.

**There is no market through which any of the securities being distributed under this Prospectus may be sold, and purchasers may not be able to resell such securities acquired hereunder. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of issuer regulation.** An investment in securities of the Company and the Resulting Issuer is speculative and involves a high degree of risk. See "*Information Concerning the Resulting Issuer - Risk Factors*".

Pursuant to a share purchase agreement dated December 14, 2021, as amended from time to time, between the Company, Critical Infrastructure Technologies Pty Ltd., a company existing pursuant to the laws of Australia ("**CITP**") and the CITP Shareholders (as defined herein), the Company acquired 100% of the issued and outstanding CITP Shares (as defined herein) as part of the reverse takeover of the Company by the CITP Shareholders (the "**Acquisition**") on February 13, 2023. As consideration for the sale of the CITP Shares, the Company issued an aggregate of 48,135,399 Company Shares (as defined herein) to CITP Shareholders as follows: (a) 9,667,345 Company Shares to the CITP Financing Vendors (as defined herein) and (b) 38,468,054 Company Shares to the CITP Securityholder Vendors (as defined herein). See "*Information Concerning the Acquisition - Acquisition of CITP by the Company*".

Concurrently with the Closing on February 13, 2023, and subject to other requisite approvals, the Company was renamed "Critical Infrastructure Technologies Ltd.". The business of CITP, as described elsewhere in this Prospectus, constitutes all of the operations of the Resulting Issuer (as defined herein). See "*Information Concerning CITP*" and "*Information Concerning the Resulting Issuer*".

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities.

The Canadian Securities Exchange (the "**CSE**") has conditionally approved the application to have the Resulting Issuer Shares (as defined herein) listed for trading on the CSE. Listing on the CSE (the "**Listing**") is subject to the Company fulfilling all of the listing requirements of the CSE.

As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

Unless otherwise noted, all currency amounts in this Prospectus are stated in Canadian dollars.

CITP and Elderton Audit Pty Ltd., the auditor of CITP, are both incorporated under the laws of a foreign jurisdiction. Brenton Scott, the Chief Executive Officer and a director of the Resulting Issuer, Andrew Hill, the Chief Technology Officer and a director of the Resulting Issuer, and Imants Kins, a director of the Resulting Issuer, each reside outside of Canada. Each of the foregoing persons has appointed MLT Aikins LLP, located at 2600 – 1066 West Hastings Street, Vancouver, British Columbia V6E 3X1, as its agent for service of process. Investors are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or who resides outside of Canada, even if the party has appointed an agent for service of process.

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## GLOSSARY

In this Prospectus, the terms below have meanings ascribed thereto, in addition to other terms defined elsewhere in this Prospectus.

"**131 Loans**" means the 2021 Loan, the 2022 Loan and the 2023 Loan.

"**2021 Loan**" has the meaning ascribed to such term under the heading "*Information Concerning the Acquisition - Acquisition of CITP by the Company*".

"**2022 Loan**" has the meaning ascribed to such term under the heading "*Information Concerning the Acquisition - Acquisition of CITP by the Company*".

"**2023 Loan**" has the meaning ascribed to such term under the heading "*Information Concerning the Acquisition - Acquisition of CITP by the Company*".

"**23 XI**" means 23 XI Investments Pty Ltd.

"**500% Threshold**" has the meaning ascribed to such term under the heading "*Information Concerning the Acquisition - Alke Agreement*".

"**9.9% Threshold**" has the meaning ascribed to such term under the heading "*Information Concerning the Acquisition - Alke Agreement*".

"**Acquisition**" has the meaning ascribed to such term on the cover page of this Prospectus.

"**Actium**" means Actium Corporate Finance Pty Ltd.

"**Actium Engagement Letter**" means the listing engagement agreement dated May 13, 2021, as amended on December 1, 2022, between CITP and Actium.

"**Alke**" means Alke Capital Limited.

"**Alke Advisory Services**" has the meaning ascribed to such term under the heading "*Information Concerning the Acquisition - Alke Agreement*".

"**Alke Agreement**" means the investment and advisory agreement dated April 30, 2022, between Alke and the Company.

"**Alke Condition Precedents**" has the meaning ascribed to such term under the heading "*Information Concerning the Acquisition - Alke Agreement*".

"**Alke Drawdown Notice**" has the meaning ascribed to such term under the heading "*Information Concerning the Acquisition - Alke Agreement*".

"**Alke Fee Warrants**" has the meaning ascribed to such term under the heading "*Information Concerning the Acquisition - Alke Agreement*".

"**Alke Pricing Period**" has the meaning ascribed to such term under the heading "*Information Concerning the Acquisition - Alke Agreement*".

"**Alke Private Placement**" has the meaning ascribed to such term under the heading "*Information Concerning the Acquisition - Alke Agreement*".

"**Alke Subscription Price**" has the meaning ascribed to such term under the heading "*Information Concerning the Acquisition - Alke Agreement*".

"**Automatic Conversion Date**" has the meaning ascribed to such term on the cover page of this Prospectus.

"**Available Funds**" has the meaning ascribed to such term under the heading "*Information Concerning the Resulting Issuer - Funds Available and Use of Available Funds*".

"**BCBCA**" means the *Business Corporations Act* (British Columbia).

"**BCSC**" means the British Columbia Securities Commission.

"**Board Reorganization**" means the increase of the size of the Company Board to 5 and appointment of (i) Brenton Scott, Andrew Hill, Eugene Hodgson, Imants Kins, and Richard Paolone to the Company Board, and (ii) Brenton Scott as the CEO of the Company, Andrew Hill as the Chief Technology Officer of the Company, and Eugene Hodgson as the CFO and Corporate Secretary of the Company, which was effected in connection with the Closing.

"**CEO**" means chief executive officer.

"**CFO**" means chief financial officer.

"**CITP**" means Critical Infrastructure Technologies Pty Ltd. (ACN 636 677 999), a company incorporated under the laws of Australia.

"**CITP Annual Financial Statements**" means the audited financial statements of CITP for the years ended June 30, 2022 and 2021, including the accompanying notes thereto, attached as Appendix C to this Prospectus and the audited financial statements of CITP for the years ended June 30, 2021 and 2020, including the accompanying notes thereto, attached as Appendix D to this Prospectus.

"**CITP Annual MD&A**" means the MD&A of CITP for the year ended June 30, 2022, attached as Appendix I to this Prospectus.

"**CITP Board**" means the board of directors of CITP.

"**CITP Changes**" has the meaning ascribed to such term under the heading "*Information Concerning CITP - Consolidated Capitalization*".

"**CITP Financial Statements**" means the CITP Annual Financial Statements and the CITP Interim Financial Statements.

"**CITP Financing**" means the sale of an aggregate of 29,857 CITP Shares at prices of A\$48.55, A\$67.94 and A\$77.64 per share for aggregate consideration of A\$2,186,057 to CITP, which was completed as of October 26, 2022.

"**CITP Financing Vendors**" means persons who acquired CITP Shares pursuant to the CITP Financing, who held an aggregate of 29,857 CITP Shares, which were exchanged for 9,667,345 Company Shares at deemed prices of \$0.30 per share.

"**CITP Interim Financial Statements**" means the unaudited interim financial statements of CITP for the three months ended September 30, 2022, including the accompanying notes thereto, attached as Appendix E.

"**CITP Interim MD&A**" means the MD&A of CITP for the three months ended September 30, 2022, attached as Appendix J to this Prospectus.

"**CITP MD&A**" means the CITP Annual MD&A and CITP Interim MD&A.

"**CITP Notes**" means secured note deeds of CITP with an aggregate principal amount of A\$555,000 issued between March 3, 2021, and July 1, 2021.

"**CITP Notes Escrow**" has the meaning ascribed to such term under the heading "*Information Concerning the Resulting Issuer - Escrowed Securities and Other Securities Subject to Resale Restrictions - Contractual Escrow*".

"**CITP Securityholder Vendors**" means the CITP Shareholders, other than the CITP Financing Vendors, who held an aggregate of 111,178 CITP Shares (including the 17,256 CITP Shares issued to the Nominees, at the direction of Actium), which were exchanged for 38,468,054 Company Shares at a deemed price per share of \$0.30.

"**CITP Shareholders**" means the securityholders of CITP immediately prior to the Closing.

"**CITP Shares**" means the ordinary shares in the capital of CITP.

"**CITP Vendors Escrow**" has the meaning ascribed to such term under the heading "*Information Concerning the Resulting Issuer - Escrowed Securities and Other Securities Subject to Resale Restrictions - Contractual Escrow*".

"**Closing**" means the completion of the Acquisition in accordance with the Share Purchase Agreement.

"**Code**" means the Code of Business Conduct and Ethics of the Company adopted by the Company Board on May 20, 2022.

"**Company**" means Critical Infrastructure Technologies Ltd.

"**Company Annual Financial Statements**" means the audited financial statements of the Company for the period from incorporation on August 11, 2021, until December 31, 2021, including the accompanying notes thereto, attached as Appendix A to this Prospectus.

"**Company Annual MD&A**" means the MD&A of the Company for the period from incorporation on August 11, 2021, until December 31, 2021, attached as Appendix G to this Prospectus.

"**Company Board**" means the board of directors of the Company.

"**Company Change**" has the meaning ascribed to such term under the heading "*Information Concerning the Company- Consolidated Capitalization*".

"**Company Financial Statements**" means the Company Annual Financial Statements and the Company Interim Financial Statements.

"**Company Financing Condition**" has the meaning ascribed to such term under the heading "*Information Concerning the Acquisition - Acquisition of CITP by the Company*".

"**Company Interim Financial Statements**" means the unaudited interim financial statements of the Company for the three and nine months ended September 30, 2022, including the accompanying notes thereto, attached as Appendix B to this Prospectus.

"**Company Interim MD&A**" means the MD&A of the Company for the three and nine months ended September 30, 2022, attached as Appendix H to this Prospectus.

"**Company MD&A**" means the Company Annual MD&A and the Company Interim MD&A.

"**Company Shareholders**" means the holders of Company Shares.

"**Company Shares**" means common shares without par value in the capital of the Company.

"**Company Warrant**" means a common share purchase warrant of the Company.

"**COVID-19**" has the meaning ascribed to such term under the heading "*General Matters - Note Regarding Forward-Looking Information*".

"**CSE**" means the Canadian Securities Exchange.

"**Current Exchange Rate**" has the meaning ascribed to such term under the heading "*General Matters - Currency and Exchange Rate Data*".

"**Equity Incentive Plan**" means the equity incentive plan adopted by the Company Board on March 31, 2022, and approved by the Company Shareholders on May 13, 2022.

"**Escrow Shareholders**" has the meaning ascribed to such term under the heading "*Information Concerning the Resulting Issuer - Escrowed Securities and Other Securities Subject to Resale Restrictions*".

"**Escrow Agreement**" has the meaning ascribed to such term under the heading "*Information Concerning the Resulting Issuer - Escrowed Securities and Other Securities Subject to Resale Restrictions*".

"**Financial Statements**" has the meaning ascribed to such term under the heading "*General Matters - Financial Statement Presentation In This Prospectus*".

"**Form 51-102F6V**" means Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*.

"**forward-looking information**" has the meaning ascribed to such term under the heading "*General Matters - Note Regarding Forward-Looking Information*".

"**Funding Commitment**" has the meaning ascribed to such term under the heading "*Information Concerning the Acquisition - Alke Agreement*".

"**IFRS**" means International Financial Reporting Standards.

"**Listing**" means the listing of the Resulting Issuer Shares on the CSE.

"**Listing Date**" means the date the Resulting Issuer Shares are listed on the CSE.

"**Management Consulting Agreements**" has the meaning ascribed to such term under the heading "*Information Concerning the Acquisition - Acquisition of CITP by the Company*".

"**MCA Confidentiality Provision**" has the meaning ascribed to such term under the heading "*Information Concerning the Acquisition - Acquisition of CITP by the Company*".

"**MD&A**" means management's discussion and analysis.

"**Named Executive Officer**" or "**NEO**" means each of the following individuals: (a) each individual who, in respect of the applicable company, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer; (b) each individual who, in respect of the applicable company, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer; (c) in respect of the applicable company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V,

for that financial year; (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the applicable company, and was not acting in a similar capacity, at the end of that financial year.

"**NI 51-102**" means NI 51-102 – *Continuous Disclosure Requirements* of the Canadian Securities Administrators.

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators.

"**NOC**" means CITP's network operation centre, expected to be constructed as funding permits.

"**Nominees**" has the meaning ascribed to such term under the heading "*Information Concerning the Acquisition - Actium Engagement*".

"**Non-Management Consulting Agreements**" has the meaning ascribed to such term under the heading "*Information Concerning the Acquisition - Acquisition of CITP by the Company*".

"**Non-Management Consulting Warrants**" has the meaning ascribed to such term under the heading "*Information Concerning the Acquisition - Acquisition of CITP by the Company*".

"**NP 46-201**" means National Policy 46-201 – *Escrow for Initial Public Offerings* of the Canadian Securities Administrators.

"**Order**" has the meaning ascribed to such term under the heading "*Information Concerning CITP - Directors and Executive Officers - Corporate Cease Trade Orders and Bankruptcies*".

"**Participation Right**" has the meaning ascribed to such term under the heading "*Information Concerning the Acquisition - Alke Agreement*".

"**Performance Shares**" has the meaning ascribed to such term under the heading "*Information Concerning the Acquisition - Acquisition of CITP by the Company*".

"**Pro Forma Assumptions**" means (a) the issuance of 9,667,345 Company Shares to CITP Financing Vendors at Closing; (b) the issuance of 38,468,054 Company Shares to CITP Securityholder Vendors at Closing; (c) the issuance of 3,269,416 Non-Management Consulting Warrants at Closing; (d) the deemed automatic exercise of 4,062,500 Special Warrants on the Qualification Date; and (e) such other assumptions as are described in the notes to the Pro Forma Financial Statements.

"**Pro Forma Financial Statements**" means the unaudited pro forma consolidated financial statements of the Company as at September 30, 2022, assuming the Pro Forma Assumptions, including the accompanying notes thereto, attached as Appendix F to this Prospectus.

"**Qualification Date**" has the meaning ascribed to such term on the cover page of this Prospectus.

"**Radium Loan**" has the meaning ascribed to such term under the heading "*Information Concerning CITP - Business of CITP - Three-Year History of CITP*."

"**R&D Rebate**" has the meaning ascribed to such term under the heading "*Information Concerning CITP - Business of CITP - Three-Year History of CITP*."

"**Resulting Issuer**" means the Company following completion of the Acquisition and includes CITP as a wholly-owned subsidiary of the Company, as applicable in the context used.

"**Resulting Issuer Board**" means the board of directors of the Resulting Issuer, as currently contemplated.

**"Resulting Issuer Shares"** means common shares without par value in the capital of the Resulting Issuer.

**"Routine Indebtedness"** has the meaning ascribed to such term in section 10.3(c) of Form 51-102F5 – *Information Circular* of the Canadian Securities Administrators.

**"SDS"** has the meaning ascribed to such term under the heading "*Information Concerning CITP - Business of CITP - General Overview of CITP*".

**"Seed Escrow"** has the meaning ascribed to such term under the heading "*Escrowed Securities and Other Securities Subject to Resale Restrictions - Contractual Escrow*".

**"Selling Provinces"** means those Canadian Provinces in which Special Warrants are sold pursuant to the Special Warrant Financing, excluding Québec.

**"Share Purchase Agreement"** or **"SPA"** means the share purchase agreement between the Company, CITP and the CITP Shareholders dated as of December 14, 2021, as amended by an acknowledgement, waiver and amending agreement dated July 20, 2022, a second amending agreement dated December 20, 2022, a third amending agreement dated January 13, 2023, and a fourth amending agreement dated January 27, 2023.

**"Stock Options"** has the meaning ascribed to such term under the heading "*Information Concerning the Company - Options to Purchase Securities - Equity Incentive Plan*".

**"Special Warrant"** means a special warrant of the Company issued under the Special Warrant Financing, which entitles the holder to the right to receive, without additional payment, one SW Share on the Automatic Conversion Date.

**"Special Warrant Financing"** means the private placement of Special Warrants completed on February 8, 2023, and consisting of the sale of an aggregate 4,062,500 Special Warrants at a price of \$0.30 per Special Warrant.

**"Special Warrant Indenture"** has the meaning ascribed to such term on the cover page of this Prospectus.

**"SW Shares"** has the meaning ascribed to such term on the cover page of this Prospectus.

**"Trading Volume"** has the meaning ascribed to such term under the heading "*Information Concerning the Acquisition - Alke Agreement*".

**"U.S."** means the United States of America.

**"Warrants Escrow"** has the meaning ascribed to such term under the heading "*Information Concerning the Resulting Issuer - Escrowed Securities and Other Securities Subject to Resale Restrictions - Contractual Escrow*".

## GENERAL MATTERS

### ABOUT THIS PROSPECTUS

**The Company is not offering to sell securities under this Prospectus.** Accordingly, no proceeds will be raised, and all expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Company or the Resulting Issuer, as applicable, from its available funds. The reader should rely only on the information contained in this Prospectus and is not entitled to rely on parts of the information contained in this Prospectus to the exclusion of others. The Company has not authorized anyone to provide you with additional or different information. If anyone provides you with additional, different or inconsistent information, including statements in the media about the Company, such information should not be relied on. The information contained in this Prospectus is accurate only as of the date of this Prospectus or the date indicated, regardless of the time of delivery of this Prospectus.

References in this Prospectus to the "Company" refer to Critical Infrastructure Technologies Ltd.

References in this Prospectus to "CITP" refer to Critical Infrastructure Technologies Pty Ltd.

References in this Prospectus to the "Resulting Issuer" refer to the Company after the completion of the Acquisition.

Prospective investors should read this Prospectus in its entirety and consult their own professional advisors to assess the income tax, legal, risk factors and other aspects of an investment in any securities of the Company or the Resulting Issuer.

### FINANCIAL STATEMENT PRESENTATION IN THIS PROSPECTUS

This Prospectus contains financial information for the Company and CITP for the periods and dates indicated. The "selected financial information" and "selected pro forma financial information" of the Company and CITP in this Prospectus has been derived from (i) the audited financial statements of the Company for the period from incorporation on August 11, 2021, until December 31, 2021; (ii) the unaudited interim financial statements of the Company for the three and nine months ended September 30, 2022; (iii) the audited financial statements of CITP for the years ended June 30, 2022 and 2021; (iv) the audited financial statements of CITP for the years ended June 30, 2021 and 2020; (v) the unaudited interim financial statements of CITP for the three months ended September 30, 2022; and (vi) the pro forma consolidated financial statements for the combined business of the Resulting Issuer as at September 30, 2022, assuming the Pro Forma Assumptions (collectively, the "**Financial Statements**"), which have been prepared in accordance with IFRS and are included in this Prospectus, as follows:

Appendix A	—	the audited financial statements of the Company for the period from incorporation on August 11, 2021, until December 31, 2021;
Appendix B	—	the unaudited interim financial statements of the Company for the three and nine months ended September 30, 2022;
Appendix C	—	the audited financial statements of CITP for the years ended June 30, 2022 and 2021;
Appendix D	—	the audited financial statements of CITP for the years ended June 30, 2021 and 2020;
Appendix E	—	the unaudited interim financial statements of CITP for the three months ended September 30, 2022; and

The CITP Financial Statements have been prepared in accordance with the Australian Accounting Standards and Interpretations as issued by the Australian Accounting Standards Board, and are presented in Australian dollars and comply with IFRS as issued by the International Accounting Standards Board.

### NOTE REGARDING FORWARD-LOOKING INFORMATION

This Prospectus contains "forward-looking information" within the meaning of applicable Canadian securities legislation ("**forward-looking information**"), with respect to the Company, CITP and the Resulting Issuer. The forward-looking information included in this Prospectus is not based on historical facts, but rather on the expectations of the Company and CITP regarding the future growth of the Resulting Issuer, its results of operations, performance, business prospects, and opportunities. Often, but not necessarily always, words such as "will", "should", "additional", "affect", "anticipate", "be required", "believe", "budget", "contemplate", "continue", "could", "does not expect", "effect", "estimate", "expect", "intend", "is expected", "may", "plan", "planned", "potential", "target", "predict", "project", "prospects", "results", "will exist" and similar expressions have been used to identify forward-looking information. This information reflects the current beliefs of the Company and CITP and is based on information currently available to the Company and CITP. Forward-looking information involves significant risks, uncertainties and assumptions. A number of factors could cause actual results to differ materially from the results discussed in forward-looking information, including those factors listed in the sections of this Prospectus headed "*Information Concerning the Company - Risk Factors*", "*Information Concerning CITP - Risk Factors*" and "*Information Concerning the Resulting Issuer - Risk Factors*".

More particularly and without limitation, this Prospectus contains forward-looking information relating to the following:

- the deemed automatic exercise of the Special Warrants, the Listing and matters related thereto;
- the ability of the Resulting Issuer to draw down on the Funding Commitment;
- the intentions, plans and future actions of the Company, CITP and the Resulting Issuer;
- the business and future activities of the Company, CITP and the Resulting Issuer, and anticipated developments in the operations of the Company, CITP and the Resulting Issuer;
- market position, ability to compete and future financial or operating performance of the Company, CITP and the Resulting Issuer;
- the timing and amount of funding required to execute the business plans of the Company, CITP and the Resulting Issuer;
- expectations regarding demands for CITP's products in the identified industries;
- expectations regarding CITP's ability to produce and market its products;
- capital expenditures of the Company, CITP and the Resulting Issuer;
- expectations regarding the ability to raise further capital;
- the effect on the Company, CITP and the Resulting Issuer of any changes to existing or new legislation or policy or government regulation;
- the length of time required to obtain permits, certifications and approvals;
- the availability of labour and talent;
- estimated budgets;
- currency fluctuations;
- the adequacy of financial resources and requirements for additional capital;
- limitations on insurance coverage;
- expectations regarding the continued utilization of the Radium Loan and R&D Rebate;
- expectations regarding the availability of existing loan facilities;
- the timing and possible outcome of regulatory and permitting matters;
- the timing of and issuance of a receipt for this Prospectus in a timely manner, and receipt of regulatory and other required approvals;

- the issuance of additional securities of the Company, CITP and the Resulting Issuer;
- the use of available funds;
- conversion of any convertible securities of the Company, CITP and the Resulting Issuer;
- the Resulting Issuer's anticipated compensation policy and practices;
- the Resulting Issuer's expected reliance on key management personnel, advisors and consultants;
- improvements to the products and applications of the Company, CITP and the Resulting Issuer;
- expectations regarding the receipt of the R&D Rebate;
- changes and developments in the business of the Company, CITP and the Resulting Issuer; and
- effects of the novel coronavirus ("**COVID-19**") pandemic.

Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of the Company and CITP in light of their experience and perception of trends, current conditions and expected developments, as well as other factors that the Company and CITP believe to be relevant and reasonable in the circumstances, as of the date of this Prospectus including, without limitation, assumptions about:

- the ability to raise any necessary additional capital on reasonable terms to execute the business plan of the Company, CITP and the Resulting Issuer;
- the ability of the Resulting Issuer to draw down on the Funding Commitment;
- that general business and economic conditions will not change in a materially adverse manner;
- the accuracy of budgeted costs and expenditures;
- the ability of the Company, CITP and the Resulting Issuer to attract and retain skilled personnel;
- political and regulatory stability;
- the receipt of governmental, regulatory and third-party approvals, licenses and permits on favourable terms to the extent required;
- obtaining required approvals, licenses and permits on favourable terms and any required renewals of the same;
- requirements under applicable laws;
- receipt of R&D Rebate;
- stability in financial and capital markets; and
- expectations regarding the level of disruption as a result of COVID-19.

Although the Company and CITP believe that the expectations reflected in the forward-looking information in this Prospectus is reasonable, it can give no assurance that such expectations will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature it involves inherent risks and uncertainties. Actual results may differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with:

- the limited operating history of the Company and CITP;
- global economic conditions;
- the COVID-19 pandemic;
- the current conflict between Russia and Ukraine and economic conditions relating to the foregoing;
- changing economic conditions and the economic environment in which the Company, CITP and the Resulting Issuer operate;
- acquisitions;
- dilution;
- the requirement for additional funding;
- the inability to drawdown on the Funding Commitment;
- operational risks;
- cybersecurity risks;
- financial forecasts and performance;
- competition;
- management of growth;
- reliance on management;

- insurance risk;
- regulatory risk;
- public opinion and consumer preferences;
- Alke Agreement;
- growth of the customer base of the Company, CITP and the Resulting Issuer;
- dependence on suppliers and third party owned communication networks;
- requirements for further financing;
- litigation risk;
- conflicts of interest;
- intellectual property related risks; and
- the limited experience in management of publicly-traded companies.

See "*Information Concerning the Company - Risk Factors*", "*Information Concerning CITP - Risk Factors*" and "*Information Concerning the Resulting Issuer - Risk Factors*".

Although the Company and CITP have attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information, there may be other factors that cause results to not be as anticipated, estimated or intended. There can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on the forward-looking information. The forward-looking information contained in this Prospectus is provided as of the date hereof and, unless so required by applicable law, the Company, CITP and the Resulting Issuer undertake no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise. The forward-looking information contained in this Prospectus is expressly qualified by this cautionary statement.

### CERTAIN ADDITIONAL INFORMATION

Aggregated figures in graphs, charts and tables contained in this Prospectus may not add due to rounding. Historical statistical data and/or historical returns do not necessarily indicate future performance. Unless otherwise indicated, the market and industry data contained in this Prospectus is based upon information from industry and other publications, and the knowledge of management and experience of the Company and CITP in the markets in which the Company and CITP operate. Words importing the singular number include the plural and vice versa, and words importing any gender or the neuter include both genders and the neuter.

### CURRENCY AND EXCHANGE RATE DATA

The Company presents its financial statements in Canadian dollars and CITP presents its financial statements in Australian dollars. Unless otherwise indicated, all references to "\$" or "C\$" in this Prospectus refer to Canadian dollars and all references to "A\$" in this Prospectus refer to Australian dollars.

The table below sets forth the high and low exchange rates in Canadian dollars for one Australian dollar for each period indicated, the average of the exchange rates for each period indicated and the exchange rate at the end of each such period, based on the Bank of Canada rate of exchange on the date specified.

	Year ended December 31,		Quarter ended September 30,	
	2022	2021	2022	2021
Rate at end of period	\$0.9205	\$0.9205	\$0.8882	\$0.9162
Average rate of period	\$0.9035	\$0.9420	\$0.8921	\$0.9256
High for period	\$0.9474	\$0.9978	\$0.9090	\$0.9362
Low for period	\$0.8633	\$0.8994	\$0.8764	\$0.9135

As of February 10, 2023, the last business day prior to the date of this Prospectus, the conversion rate for Canadian dollars to one Australian dollar was \$0.9252 (the "**Current Exchange Rate**").

## SUMMARY OF PROSPECTUS

***The following is a summary of the principal features of this Prospectus and should be read together with the more detailed information and financial data and financial statements contained elsewhere in this Prospectus.***

<b>The Company</b>	<p>The Company was incorporated under the BCBCA on August 11, 2021, with the name 1319275 B.C. Ltd. On February 13, 2023, the Company changed its name to "Critical Infrastructure Technologies Ltd."</p> <p>See "<i>Information Concerning the Company - Corporate Structure</i>".</p>
<b>The Company's Business</b>	<p>Prior to the Closing, the principal business of the Company was to identify, evaluate and then acquire an interest in a business or assets.</p> <p>See "<i>Information Concerning the Company - Business of the Company</i>".</p>
<b>CITP</b>	<p>CITP was incorporated under the <i>Corporations Act 2001</i> (Commonwealth of Australia) on October 8, 2019, with the name Bluewater Marine Australia Pty Ltd. CITP's name was changed to Critical Infrastructure Technologies Pty Ltd. on January 12, 2021.</p> <p>See "<i>Information Concerning CITP - Corporate Structure</i>".</p>
<b>CITP's Business</b>	<p>CITP is a product development, manufacturing and services company powered by a team made up of engineers, marketing specialists and financial experts. CITP's design capability extends to a wide range of rapidly deployable communications and power systems to support life- and mission-critical applications for sectors such as the military and emergency service sectors.</p> <p>See "<i>Information Concerning CITP - Business of CITP</i>".</p>
<b>The Resulting Issuer</b>	<p>CITP is a wholly-owned subsidiary of the Resulting Issuer. The Resulting Issuer continues to be governed by the BCBCA and CITP continues to be governed by the <i>Corporations Act 2001</i> (Commonwealth of Australia). The Resulting Issuer's registered office is located at 2600-1066 West Hastings Street, Vancouver, British Columbia V6E 3X1.</p> <p>See "<i>Information Concerning the Resulting Issuer - Corporate Structure</i>".</p>
<b>The Resulting Issuer's Business</b>	<p>The Resulting Issuer carries on the business of CITP.</p> <p>See "<i>Information Concerning the Resulting Issuer - Business of the Resulting Issuer</i>".</p>
<b>Acquisition</b>	<p>Pursuant to the SPA, on February 13, 2023, the Company acquired 100% of the issued and outstanding CITP Shares. As consideration for the CITP Shares, the Company issued an aggregate of 48,135,399 Company Shares to CITP Shareholders as follows: (a) 9,667,345 Company Shares to the CITP Financing Vendors and (b) 38,468,054 Company Shares to the CITP Securityholder Vendors.</p> <p>In connection with the Closing, the Board Reorganization was effected, the Company entered into the Management Consulting Agreements and the Non-Management Consulting Agreements, and the Non-Management Consulting Warrants were issued.</p> <p>See "<i>Information Concerning the Acquisition – Acquisition of CITP by the Company</i>".</p>
<b>Conditions to the Completion of the Acquisition</b>	<p>The conditions precedent to the Closing included the following, among others:</p>

- the Resulting Issuer Shares issued to CITP Shareholders pursuant to the SPA shall be exempt from the prospectus and registration requirements under applicable securities laws;
- each CITP Note will have converted into CITP Shares in accordance with the SPA;
- each CITP Financing Vendor will have executed an accession agreement to the SPA;
- immediately prior to the Closing, the CITP Shareholders will own 100% of the CITP Shares;
- the Company shall have received clearance from the BCSC to file a final long form prospectus;
- there will have been no change in the nature, conduct, assets, position (financial or trading), profits or prospects of the business of CITP or the Company that would result in a material adverse effect and no contract, license or financial agreement that is material to either business will have been terminated or had its terms materially and adversely amended; and
- the Company shall have satisfied the Company Financing Condition.

See "*Information Concerning the Acquisition – Acquisition of CITP by the Company*".

**Actium  
Engagement**

On May 13, 2021, CITP and Actium entered into the Actium Engagement Letter, whereby CITP engaged Actium as a consultant to assist it with its efforts to list, directly or through other means, on a recognized stock exchange. The Actium Engagement Letter is valid until May 13, 2023. Pursuant to the Actium Engagement Letter, Actium has agreed to provide services relating to the listing of CITP and, as consideration for the engagement of Actium, CITP previously issued to the Nominees, at the direction of Actium, an aggregate of 17,256 CITP Shares (which were exchanged for 5,931,405 Resulting Issuers Shares on Closing). On Closing, the Resulting Issuer issued 3,269,416 Non-Management Consulting Warrants in full and final satisfaction of the obligations of CITP under the Actium Engagement Letter.

See "*Information Concerning the Acquisition - Actium Engagement*".

**Alke Agreement**

On April 30, 2022, the Company and Alke entered into the Alke Agreement. Pursuant to the Alke Agreement, Alke will (a) provide certain advisory services to the Company, and (b) make available to the Company an equity drawdown facility in the aggregate amount of up to \$5,000,000, subject to certain limitations set out in the Alke Agreement. Please see "*Information Concerning the Acquisition - Alke Agreement*" for a summary of certain key terms of the Alke Agreement.

**Application for  
Listing**

The CSE has conditionally approved the application to have the Resulting Issuer Shares listed for trading on the CSE. Listing is subject to the Company fulfilling all of the listing requirements of the CSE. See "*Information Concerning the Resulting Issuer - Plan Of Distribution - Listing of Common Shares on the CSE*".

**Management,  
Directors and  
Officers of the  
Resulting Issuer**

<b>Name</b>	<b>Position</b>
Brenton Scott	Chief Executive Officer, Director
Andrew Hill	Chief Technology Officer, Director
Eugene Hodgson	Chief Financial Officer, Corporate Secretary, Director
Imants Kins	Director
Richard Paolone	Director

See "*Information Concerning the Resulting Issuer – Directors and Executive Officers*".

**The Special  
Warrant  
Financing**

The Special Warrants were issued by the Company on February 8, 2023, on a private placement basis pursuant to the Special Warrant Financing. The Company issued an aggregate of 4,062,500 Special Warrants at a price of \$0.30 per Special Warrant for aggregate gross proceeds of \$1,218,750.

Each unexercised Special Warrant will be deemed to be automatically exercised on the Automatic Conversion Date. Assuming no Special Warrants are exercised prior to the Automatic Conversion Date, upon the deemed exercise of the Special Warrants, the Company will issue 4,062,500 SW Shares for no additional consideration.

This Prospectus qualifies the distribution of 4,062,500 SW Shares issuable to the holders of 4,062,500 issued and outstanding Special Warrants, upon the deemed automatic exercise of the Special Warrants.

**Funds Available  
and Use of  
Available Funds**

As at January 31, 2023, the most recent month end before the date of this Prospectus, the Company had estimated working capital of \$164,925 and CITP had estimated working capital of A\$65,137, which is equal to approximately \$60,265 based on the Current Exchange Rate, resulting in an aggregate estimated *pro forma* working capital of the Resulting Issuer of \$225,190. The Available Funds will be used, to the extent required, for the principal purposes set out in this Prospectus. However, there may be circumstances where, for business reasons, a reallocation of funds or further financing may be necessary.

See "*Information Concerning the Resulting Issuer - Use of Available Funds by the Resulting Issuer*".

**Risk Factors**

A purchase of any of the securities of the Company or the Resulting Issuer involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities of the Company or the Resulting Issuer should not constitute a major portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment.

The business of CITP is the business of the Resulting Issuer. Accordingly, risk factors relating to CITP's business will be risk factors relating to the Resulting Issuer's business.

Prospective purchasers should carefully evaluate the risk factors below associated with an investment in the securities of the Company or the Resulting Issuer prior to purchasing any of the securities.

1. There is no guarantee the deemed automatic exercise of the Special Warrants or the Listing will be completed as presently expected or at all.

2. There is currently no market through which any of the Company Shares or Resulting Issuer Shares may be sold and there is no assurance that the Company Shares or Resulting Issuer Shares will be listed for trading on a Canadian stock exchange, or if listed, will provide a liquid market for such securities.
3. Neither the Company nor CITP has yet generated material income.
4. The business of the Resulting Issuer could be significantly adversely affected by the effects of any widespread global outbreak of contagious disease such as the COVID-19 pandemic.
5. As part of the Resulting Issuer's overall business strategy, the Resulting Issuer may pursue select strategic acquisitions and such future acquisitions may expose it to potential risks.
6. The Resulting Issuer is affected by a number of operational risks and may not be adequately insured.
7. The Resulting Issuer faces intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and marketing experience than the Resulting Issuer.
8. The industries within which the Resulting Issuer operates are rapidly evolving and intensely competitive, and are subject to changing technology, shifting user needs, and frequent introductions of new offerings.
9. The Resulting Issuer may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls.
10. The success of the Resulting Issuer will be dependent upon the ability, expertise, judgment, discretion, and good faith of its key executives, including the directors and officers of the Resulting Issuer and a small number of highly skilled and experienced executives and personnel.
11. The Resulting Issuer's industry is heavily regulated. The Resulting Issuer is subject to a variety of laws and regulations domestically and abroad that demand compliance of the Resulting Issuer's services.
12. From time to time, the Resulting Issuer may receive formal and informal inquiries from government authorities and regulators, including telecommunications authorities, securities authorities, tax authorities and other regulators, regarding its compliance with laws and other matters.
13. As it will be leasing out equipment, the Resulting Issuer will be at risk of exposure to property damage which could lead to potentially costly litigation, deter potential customers from using its services, or bring about additional liability.
14. The financial performance of the Resulting Issuer will be significantly determined by its success in adding, retaining, engaging and monetizing active customers of its facilities.
15. The ability of the Resulting Issuer to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components.
16. There is no guarantee that the Resulting Issuer will have sufficient daily Trading Volume to allow for the Funding Commitment to be drawn down as needed or at all. The Resulting Issuer was also not able to independently verify Alke's representations and financial abilities. As such, the Resulting Issuer may not be able to access funds pursuant to the Funding Commitment and may need to

obtain further financing, whether through debt financing, equity financing or other means.

17. The Resulting Issuer may be subject to litigation claims through the ordinary course of its business operations or otherwise.
18. Shareholders of the Resulting Issuer may be subject to immediate and massive dilution in connection with the issuance of the Non-Management Consulting Warrants and the Performance Shares.
19. The Resulting Issuer's senior management team has limited experience managing a public company, and regulatory compliance may divert its attention from the day-to-day management of the Resulting Issuer's business.
20. Certain of the directors and officers of the Resulting Issuer are, or may become, directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Resulting Issuer and as officers and directors of such other companies.

See "*Information Concerning the Resulting Issuer - Risk Factors*".

**Summary of  
Selected Financial  
Information of the  
Company**

The table below sets forth selected financial information for the Company. The selected financial information has been derived from, and is qualified by, the Company Financial Statements. The selected financial information should be read in conjunction with the Company Financial Statements and the Company MD&A.

	<b>Three and nine months ended September 30, 2022 (unaudited)</b>	<b>Period ended December 31, 2021 (audited)</b>
Current Assets	\$215,115	\$64,632
Total Assets	\$215,115	\$64,632
Current Liabilities	\$76,543	\$10,000
Total Liabilities	\$76,543	\$10,000
Revenue	Nil	Nil
Expenses	\$695,799	\$133,418
Net Income (Loss)	\$(695,799)	\$(133,418)

See "*Information Concerning the Company - Selected Financial Information and Management Discussion & Analysis*".

**Summary of Selected Financial Information of CITP**

The table below sets forth selected financial information for CITP. The selected financial information has been derived from, and is qualified by, the CITP Financial Statements. The selected financial information should be read in conjunction with the CITP Financial Statements and CITP MD&A.

	<b>Three months ended September 30, 2022 (unaudited)</b>	<b>Year ended June 30, 2022 (audited)</b>	<b>Year ended June 30, 2021 (audited)</b>
Current Assets	A\$1,041,770	A\$1,180,398	A\$452,510
Total Assets	A\$2,494,484	A\$2,284,894	A\$790,065
Current Liabilities	A\$1,970,580	A\$1,856,406	A\$614,284
Total Liabilities	A\$1,970,580	A\$1,856,406	A\$1,149,284
Revenue	Nil	Nil	Nil
Expenses	A\$170,084	A\$607,493	A\$360,318
Net Income (Loss)	A\$(170,084)	A\$(607,493)	A\$(360,318)

See "*Information Concerning CITP - Selected Financial Information and Management Discussion & Analysis*".

**Summary of Selected Pro Forma Financial Information**

The table below sets forth selected *pro forma* financial information of the Company, assuming the Pro Forma Assumptions. The selected *pro forma* financial information has been derived from, should be read in conjunction with, and is qualified in its entirety by, the Pro Forma Financial Statements.

	<b>Pro Forma as at September 30, 2022, assuming the Pro Forma Assumptions</b>
Current Assets	\$2,460,551
Total Assets	\$3,738,939
Current Liabilities	\$1,201,596
Total Liabilities	\$1,201,596
Total Equity (Deficit)	\$2,537,343

## INFORMATION CONCERNING THE COMPANY

### CORPORATE STRUCTURE

#### ***Name, Address and Incorporation***

The Company was incorporated under the BCBCA on August 11, 2021, with the name 1319275 B.C. Ltd. On February 13, 2023, in connection with the Closing, the Company changed its name to "Critical Infrastructure Technologies Ltd."

The registered office of the Company is located at 2600-1066 West Hastings Street, Vancouver, British Columbia V6E 3X1.

#### ***Intercorporate Relationships***

Immediately prior to the Closing, the Company did not have any subsidiaries. After the Closing, the Resulting Issuer does not have any subsidiaries other than CITP.

### BUSINESS OF THE COMPANY

The principal business of the Company is to identify, evaluate and then acquire an interest in a business or assets. The Company's continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of or participation in an interest in properties, assets or businesses. There can be no assurance that the Company will be able to complete such activities or obtain financing to continue; therefore, a material uncertainty exists that casts significant doubt over the Company's ability to continue as a going concern.

On August 11, 2021, the Company was incorporated and issued 500,000 Company Shares at a price of \$0.0001 per share to its incorporator, Mr. Faramarz Haddadi. The funds raised pursuant to the incorporation are not subject to any conditions and contribute to the satisfaction of the Company Financing Condition. See "*Information Concerning the Acquisition - Acquisition of CITP by the Company*".

On October 25, 2021, the Company completed a non-brokered private placement, issuing 10,000,000 units of the Company at a price of \$0.005 per unit, with each unit comprised of one Company Share and one-half of one Company Warrant, for aggregate gross proceeds of \$50,000. Each whole Company Warrant was exercisable to acquire one Company Share at a price of \$0.10 per share until October 25, 2026. Effective as of October 11, 2022, the exercise price of such Company Warrants was re-priced to \$0.30. The funds raised pursuant to the non-brokered private placement are not subject to any conditions and contribute to the satisfaction of the Company Financing Condition. See "*Information Concerning the Acquisition - Acquisition of CITP by the Company*".

The Company entered into the arm's length SPA on December 14, 2021, with CITP and the CITP Shareholders.

On February 28, 2022, the Company completed a non-brokered private placement, issuing 14,400,000 Company Shares at a price of \$0.02 per share for aggregate gross proceeds of \$288,000. The funds raised pursuant to the non-brokered private placement are not subject to any conditions and contribute to the satisfaction of the Company Financing Condition. See "*Information Concerning the Acquisition - Acquisition of CITP by the Company*".

On March 31, 2022, the Company completed a non-brokered private placement, issuing 1,000,000 Company Shares at a price of \$0.15 per share for aggregate gross proceeds of \$150,000. The funds raised pursuant to the non-brokered private placement are not subject to any conditions and contribute to the satisfaction of the Company Financing Condition. See "*Information Concerning the Acquisition - Acquisition of CITP by the Company*".

On April 30, 2022, the Company and Alke entered into the Alke Agreement. Pursuant to the Alke Agreement, Alke will (a) provide certain advisory services to the Company, and (b) make available to the Company an equity drawdown facility in the aggregate amount of up to \$5,000,000, subject to certain limitations set out in the Alke

Agreement. Please see "*Information Concerning the Acquisition - Alke Agreement*" for a summary of certain key terms of the Alke Agreement. A copy of the Alke Agreement is available for review under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Readers should review the Alke Agreement in its entirety for a better understanding of the Alke Agreement.

On May 18, 2022, the Company completed a non-brokered private placement, issuing 500,000 Company Shares at a price of \$0.24 per share for aggregate gross proceeds of \$120,000. The funds raised pursuant to the non-brokered private placement are not subject to any conditions and contribute to the satisfaction of the Company Financing Condition. See "*Information Concerning the Acquisition - Acquisition of CITP by the Company*".

On February 8, 2023, the Company completed the Special Warrant Financing, issuing 4,062,500 Special Warrants at a price of \$0.30 per Special Warrant for aggregate gross proceeds of \$1,218,750. Each unexercised Special Warrant will be deemed to be automatically exercised on the Automatic Conversion Date. Assuming no Special Warrants are exercised prior to the Automatic Conversion Date, upon the deemed automatic exercise of the Special Warrants, the Company will issue 4,062,500 SW Shares for no additional consideration. Existing Company Shareholders subscribed for an aggregate of 1,116,816 Special Warrants, of which Strategic Investments LLC subscribed for 1,033,333 Special Warrants and Damien Lipman, the sole shareholder of Alke Capital Limited, subscribed for 150 Special Warrants in his personal capacity.

On February 13, 2023, the Company completed the acquisition of 100% of the issued and outstanding CITP Shares. As consideration for the sale of the CITP Shares, the Company agreed to issue to (a) the CITP Securityholder Vendors, an aggregate of 38,468,054 Company Shares at a deemed price per share of \$0.30, and (b) the CITP Financing Vendors, an aggregate of 9,667,345 Company Shares at deemed prices of \$0.30 per share. See "*Information Concerning the Acquisition - Acquisition of CITP by the Company*".

Following the completion of the Acquisition, CITP is a wholly-owned subsidiary of the Resulting Issuer, and the business of CITP, as described in this Prospectus, is the business of the Resulting Issuer. See "*Information Concerning CITP*" and "*Information Concerning the Resulting Issuer*".

In connection with the Closing, the Board Reorganization was effected and the Company entered into the Management Consulting Agreements and the Non-Management Consulting Agreements. See "*Information Concerning the Acquisition - Acquisition of CITP by the Company*".

## **DIVIDENDS OR DISTRIBUTIONS**

The Company has neither declared nor paid any dividends on the Company Shares. The Company intends to retain its cash to finance growth and expand its operations and does not anticipate paying any dividends on the Company Shares in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of the Company Board and will depend on many factors, including, among others, the Company's financial condition, current and anticipated cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by applicable corporate law and other factors that the Company Board may deem relevant.

## SELECTED FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION & ANALYSIS

### **Selected Financial Information**

The table below sets forth selected financial information for the Company. The selected financial information has been derived from, and is qualified by, the Company Financial Statements. The selected financial information should be read in conjunction with the Company Financial Statements and the Company MD&A.

	<b>Three and nine months ended September 30, 2022 (unaudited)</b>	<b>Period ended December 31, 2021 (audited)</b>
Current Assets	\$215,115	\$64,632
Total Assets	\$215,115	\$64,632
Current Liabilities	\$76,543	\$10,000
Total Liabilities	\$76,543	\$10,000
Revenue	Nil	Nil
Expenses	\$695,799	\$133,418
Net Income (Loss)	\$(695,799)	\$(133,418)

### **MD&A**

Attached to this Prospectus as Appendices F and G are the Company MD&A for the period from incorporation on August 11, 2021, to December 31, 2021, and the three and nine months ended September 30, 2022. The discussion of results in the Company MD&A is as of the respective dates stated in the Company MD&A and should be read in conjunction with the Company Financial Statements and the disclosure contained in this Prospectus.

## DESCRIPTION OF SHARE CAPITAL

### **Company Shares**

The Company's authorized capital consists of an unlimited number of Company Shares, of which 30,950,000 Company Shares were issued and outstanding immediately before the Closing.

Holders of the Company Shares are entitled to vote at all general meetings of the Company. Additionally, subject to the rights of holders of any shares ranking in priority to or on a parity with the Company Shares, holders of the Company Shares are entitled to receive dividends as and when declared by the directors and to participate rateably in any distribution of the Company's property or assets upon liquidation or wind-up.

## CONSOLIDATED CAPITALIZATION

Excluding the Closing, there have been no material changes in the capital of the Company since September 30, 2022, except for the completion of the Special Warrant Financing (the "**Company Change**"). See "*Information Concerning the Company - Prior Sales*" and "*Information Concerning the Company - Business of the Company*".

The table below outlines (a) the consolidated capitalization of the Company as at September 30, 2022; and (b) the *pro forma* consolidated capitalization of the Company as at September 30, 2022, after giving effect to the Company Change. The table below should be read in conjunction with the Company Interim Financial Statements.

Description	Authorized	Outstanding as at September 30, 2022	Outstanding as at September 30, 2022, after giving effect to the Company Change
Company Shares	Unlimited	30,950,000	30,950,000
Company Warrants	N/A	10,673,902	10,673,902
Stock Options	Variable <sup>(1)</sup>	300,000	300,000
Special Warrants	4,100,000	Nil	4,062,500
Indebtedness	N/A	\$35,458 <sup>(2)</sup>	\$35,458 <sup>(2)</sup>

**Notes:**

- (1) The Equity Incentive Plan allows for the grant of a maximum number of Stock Options as is equal to 10% of the issued and outstanding Company Shares from time to time. See "*Information Concerning the Company - Options to Purchase Securities - Equity Incentive Plan*".
- (2) Consists of trade and other payables.

For information regarding changes in the Company's consolidated capitalization as a result of the completion of the Acquisition, see "*Information Concerning the Resulting Issuer - Pro Forma Consolidated Capitalization*".

## OPTIONS TO PURCHASE SECURITIES

### ***Equity Incentive Plan***

As at the date of this Prospectus, there are 300,000 stock options of the Company ("**Stock Options**") issued and outstanding under the equity incentive plan of the Company (the "**Equity Incentive Plan**"). The Equity Incentive Plan was adopted by the Company Board on March 31, 2022, and approved by the Company Shareholders on May 13, 2022. The purpose of the Equity Incentive Plan is to provide an incentive to the directors, officers, employees, consultants and other personnel of the Company to achieve the longer-term objectives of the Company; to give suitable recognition to the ability of such persons who contribute materially to the success of the Company; and to attract to and retain in the employment of the Company, persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Company.

The table below provides a summary of the Equity Incentive Plan, assuming the listing of the Company Shares on the CSE. The full text of the Equity Incentive Plan will be available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Key Terms	Summary
Administration	The Equity Incentive Plan is administered by the Company Board or by a special committee of directors appointed from time to time by the Company Board.
Stock Exchange Rules	All Stock Options granted pursuant to the Equity Incentive Plan are subject to applicable rules and policies of any stock exchange or exchanges on which the Company Shares are listed and any other regulatory body having jurisdiction.
Company Shares Subject to Plan	The aggregate number of Company Shares issuable upon the exercise of all Options granted under the Equity Incentive Plan are not to exceed 10% of the issued and outstanding Company Shares from time to time. If any Stock Options granted under the Equity Incentive Plan expires for any reason without being exercised, the unpurchased Company Shares are available for the purpose of the Equity Incentive Plan.

Key Terms	Summary
Eligibility	<p>Directors, officers, consultants and employees of the Company, and employees of a person or company which provides management services to the Company, are eligible to participate in the Equity Incentive Plan. Subject to compliance with requirements of the applicable regulators, participants may elect to hold Stock Options granted to them in an incorporated entity wholly-owned by them and such entity is bound by the Equity Incentive Plan in the same manner as if the Stock Options were held by the participant.</p>
Number of Optioned Shares	<p>No single participant may be granted Stock Options to purchase a number of Company Shares equaling more than 5% of the issued Company Shares in any 12 month period unless the Company has obtained disinterested shareholder approval in respect of such grant and meets applicable regulatory requirements.</p> <p>Stock Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Company Shares in any 12 month period to a consultant of the Company.</p> <p>Stock Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Company Shares in any 12 month period to persons employed to provide investor relations activities. Stock Options granted to consultants performing investor relations activities will contain vesting provisions such that vesting occurs over a minimum of 12 months with no more than 1/4 of the Stock Options vesting in any three month period.</p>
Exercise Price	<p>The exercise price of the Company Shares subject to each Stock Option shall be determined by the Company Board, subject to approval by the regulators (if applicable), at the time any Stock Option is granted.</p>
Vesting and Exercise Period	<p>Each Stock Option and all rights thereunder shall expire on the date set out in an option agreement and shall be subject to earlier termination, provided that in no circumstances shall the duration of a Stock Option exceed the maximum term permitted by the applicable regulators.</p> <p>If any Stock Options expire during a period when trading of the Company's securities by certain persons as designated by the Company is prohibited or within ten business days after the end of such a period, the term of those Stock Options will be extended to ten business days after the end of the prohibited trading period, unless such extension is prohibited by any applicable law or the policies of the applicable regulators</p>
Cessation of Employment	<p>Unless otherwise specified in the award agreement pursuant to which the Stock Options are granted to the participant, if a participant ceases to be a director, officer, consultant or employee of the Company, or ceases to be a management company employee, for any reason (other than death or termination for cause), such participant may exercise their Stock Options to the extent that the participant was entitled to exercise them at the date of such cessation, provided that such exercise must occur within 90 days after the participant ceases to be a director, officer, consultant or employee, or a management company employee, unless such participant was engaged in investor relations activities, in which case such exercise must occur within 30 days after the cessation of the participant's services to the Company.</p>

Key Terms	Summary
Death of Participant	In the event of the death of a participant, the Stock Options previously granted shall be exercisable only within 12 months after such death and only if and to the extent that such participant was entitled to exercise the Stock Options at the date of death.

The table below sets forth the aggregate number of Stock Options which are outstanding as at the date of this Prospectus.

Holders of Stock Options	Number of optionees	Company Shares underlying Stock Options	Exercise price	Expiry date
Executive officers	50,000	50,000	\$0.24	May 20, 2027
Directors (other than those who are also executive officers)	250,000	250,000	\$0.24	May 20, 2027
Consultants and employees	Nil	Nil	Nil	Nil
<b>TOTAL</b>	300,000	300,000		

### **Company Warrants**

As of the date of this Prospectus, there are 10,673,902 Company Warrants, including 5,673,902 Alke Fee Warrants, issued and outstanding, as follows:

Number of Company Warrants	Exercise price	Expiry date
5,000,000	\$0.30	October 25, 2026
5,673,902	\$0.30	April 30, 2025

5,000,000 Company Warrants were issued in connection with an equity financing completed by the Company on October 25, 2021, each exercisable for the purchase of one Company Share at an exercise price of \$0.10 per share and with an expiry date of October 25, 2026. Effective as of October 11, 2022, the exercise price of such Company Warrants was re-priced to \$0.30.

Pursuant to the Alke Agreement, the Company issued to Alke 5,673,902 Alke Fee Warrants, each exercisable for the purchase of one Company Share at an exercise price of \$0.30 until April 30, 2025. See "*Information Concerning the Acquisition - Alke Agreement*".

The Company anticipates using funds received from the exercise of such Company Warrants and Alke Fee Warrants as working capital and for general corporate purposes.

### **Special Warrants**

The Special Warrants were issued by the Company on February 8, 2023, on a private placement basis pursuant to the Special Warrant Financing. The Company issued an aggregate of 4,062,500 Special Warrants at a price of \$0.30 per Special Warrant for aggregate gross proceeds of \$1,218,750.

Each Special Warrant entitles the holder to receive, without further payment, one SW Share. Each unexercised Special Warrant will be deemed to be automatically exercised on the Automatic Conversion Date.

The Company has granted to each holder of Special Warrants a contractual right of rescission of the prospectus-exempt transaction under which the Special Warrant was initially acquired. The contractual right of rescission provides that if a holder of a Special Warrant who acquires another security of the Company on deemed automatic exercise of the Special Warrant as provided for in this Prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of the Prospectus or an amendment to the Prospectus containing a misrepresentation, then:

- (a) the holder is entitled to rescission of both the holder's exercise of its Special Warrant and the private placement transaction under which the Special Warrant was initially acquired;
- (b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the Company on the acquisition of the Special Warrant; and
- (c) if the holder is a permitted assignee of the interest of the original Special Warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder were the original subscriber.

## PRIOR SALES

The table below summarizes the issuances of Company Shares and securities that are convertible or exchangeable into Company Shares from the date of incorporation on August 11, 2021, to the date of this Prospectus.

Issue date	Type of security	Number issued	Issue price	Exercise price	Description of issuance
August 11, 2021	Company Shares	500,000	\$0.0001	N/A	Incorporator's shares <sup>(1)</sup>
October 25, 2021	Company Shares	10,000,000	\$0.005	N/A	Private placement <sup>(1)</sup>
October 25, 2021	Company Warrants	5,000,000 <sup>(2)</sup>	N/A	\$0.30 <sup>(3)</sup>	Private placement <sup>(1)</sup>
February 28, 2022	Company Shares	14,400,000	\$0.02	N/A	Private placement <sup>(1)</sup>
March 31, 2022	Company Shares	1,000,000	\$0.15	N/A	Private placement <sup>(1)</sup>
April 30, 2022	Company Shares	4,550,000	\$0.05	N/A	Remuneration <sup>(4)</sup>
April 30, 2022	Alke Fee Warrants	5,673,902	N/A	\$0.30	Remuneration <sup>(4)</sup>
May 18, 2022	Company Shares	500,000	\$0.24	N/A	Private placement <sup>(1)</sup>
May 20, 2022	Stock Options	50,000 <sup>(5)</sup>	N/A	\$0.24	Stock Option grant
May 20, 2022	Stock Options	250,000 <sup>(5)</sup>	N/A	\$0.24	Stock Option grant
February 8, 2023	Special Warrants	4,062,500 <sup>(6)</sup>	\$0.30	N/A	Private placement
February 13, 2023	Company Shares	9,667,345 <sup>(7)</sup>	\$0.30	N/A	Acquisition
February 13, 2023	Company Shares	38,468,054 <sup>(8)</sup>	\$0.30	N/A	Acquisition
February 13, 2023	Non-Management Consulting Warrants	3,269,416	N/A	\$0.30	Remuneration <sup>(9)</sup>

**Notes:**

- (1) The funds raised pursuant to such private placements contribute to the satisfaction of the Company Financing Condition. See "*Information Concerning the Acquisition - Acquisition of CITP by the Company*".
- (2) Each Company Warrant is exercisable at a price of \$0.30 to obtain one Company Share until October 25, 2026.
- (3) The Company Warrants were originally issued with an exercise price of \$0.10. Effective as of October 11, 2022, the exercise price of such Company Warrants has been re-priced to \$0.30. See "*Information Concerning the Company - Business of the Company*".
- (4) Securities of the Company issued pursuant to the Alke Agreement. See "*Information Concerning the Acquisition - Alke Agreement*".
- (5) Stock Options issued to certain directors, officers, employees, and/or consultants of the Company. Each Stock Option is exercisable at a price of \$0.24 to obtain one Company Share until May 20, 2027. See "*Information Concerning the Company - Options to Purchase Securities - Equity Incentive Plan*".
- (6) Each Special Warrant entitles the holder thereof to acquire, without payment of additional consideration, one SW Share. Each unexercised Special Warrant will be deemed to be automatically exercised on the Automatic Conversion Date. See "*Information Concerning the Company - Options to Purchase Securities - Special Warrants*".

- (7) Issued to the CITP Financing Vendors at Closing. See "*Information Concerning the Acquisition - Acquisition of CITP by the Company*".
- (8) Issued to the CITP Securityholder Vendors at Closing. See "*Information Concerning the Acquisition - Acquisition of CITP by the Company*".
- (9) Securities of the Company issued pursuant to the Non-Management Consulting Agreements. See "*Information Concerning the Acquisition - Acquisition of CITP by the Company*".

## PRINCIPAL SECURITYHOLDERS

Other than as set out in the table below, immediately before the Closing, no person beneficially owned or exercised control or direction over Company Shares carrying more than 10% of the votes attached to the Company Shares.

Name	Designation of security	Quantity of securities	Percentage of Company Shares immediately before the Closing <sup>(1)</sup>
Adelaid Investments LLC	Company Shares	4,866,667	15.72% <sup>(2)(6)</sup>
Notable Investments LLC	Company Shares	5,000,000	16.16% <sup>(3)(6)</sup>
Maynard Communications, Limited	Company Shares	4,000,000	12.92% <sup>(4)(6)</sup>
Strategic Investments LLC	Company Shares	6,400,000	20.68% <sup>(5)(7)</sup>
Alke Capital Limited	Company Shares	4,850,000	15.67% <sup>(6)(7)</sup>

**Notes:**

- (1) Based on an aggregate of 30,950,000 Company Shares issued and outstanding immediately before the Closing.
- (2) Adelaid Investments LLC, the sole shareholder of which is Ms. Sara Haddadi, who is a related party under International Accounting Standards 24 – *Related Party Disclosures* to Mr. Faramarz Haddadi, holds 2,500,000 Company Warrants, each exercisable for the purchase of one Company Share at an exercise price of \$0.30 per share and with an expiry date of October 25, 2026.
- (3) Notable Investments LLC, the sole shareholder of which is Mr. Jason Wells, holds 2,500,000 Company Warrants, each exercisable for the purchase of one Company Share at an exercise price of \$0.30 per share and with an expiry date of October 25, 2026.
- (4) The shareholders of Maynard Communications, Limited holding more than 10% of any class of voting securities of Maynard Communications, Limited are: Mr. Karl Marek, Mr. Mark Marek, Mr. Philip Livingstone, Mr. Frances Barker, Mr. Darrell Emmanuel, and Mr. Djordje Kojic. There are certain common shareholders between Maynard Communications, Limited and Sidis Holdings Ltd., which hold 2,000,000 Company Shares. Each shareholder of Maynard Communications, Limited and Sidis Holdings Ltd. holds less than 20% of each of Maynard Communications, Limited and Sidis Holdings Ltd., but together hold 81% of each of Maynard Communications, Limited and Sidis Holdings Ltd. Such shareholders have advised the Company that they do not act jointly or in concert with each other. Maynard Communications, Limited and Sidis Holdings Ltd. together hold approximately 19.39% of the Company Shares immediately before the Closing.
- (5) The sole shareholder of Strategic Investments LLC is Mr. Thomas Lynch. Strategic Investments LLC holds 1,033,333 Special Warrants, which will convert into 1,033,333 Resulting Issuer Shares upon its deemed automatic conversion.
- (6) Alke Capital Limited, the sole shareholder of which is Mr. Damien Lipman, holds 5,673,902 Company Warrants, each exercisable for the purchase of one Company Share at an exercise price of \$0.30 per share and with an expiry date of April 30, 2025. Mr. Damien Lipman holds 750 Special Warrants personally, which will convert into 750 Resulting Issuer Shares upon its deemed automatic conversion.
- (7) On a fully diluted basis, assuming the exercise of an aggregate of 10,673,902 Company Warrants and 300,000 Stock Options and the deemed automatic conversion of 4,062,500 Special Warrants,
- a. Adelaid Investments LLC would hold 16.02% of the Company Shares;
  - b. Notable Investments LLC would hold 16.31% of the Company Shares;
  - c. Maynard Communications, Limited would hold 8.70% of the Company Shares;
  - d. Strategic Investments LLC would hold 16.16% of the Company Shares; and
  - e. Alke Capital Limited would hold 22.89% of the Company Shares.

## DIRECTORS AND EXECUTIVE OFFICERS

### ***Name, Occupation and Security Holdings***

The table below sets out the names, state or province and country of residence, position, and principal occupations during the five preceding years of the directors and executive officers of the Company, before giving effect to the

Board Reorganization, as well as the number of Company Shares that each such director and executive officer beneficially owns, directly or indirectly, or exercises control over immediately before the Closing.

Director, role(s) and residence	Director since	Principal occupation (past 5 years)	Company Shares owned	Percentage of Company Shares
Famarz Haddadi <sup>(1)</sup> Director and Chief Executive Officer <i>Vancouver, British Columbia</i>	August 11, 2021	CEO, 1319275 B.C. Ltd. (2022 – Present); Present and CEO, F&M Property Investments Ltd. (2003 – 2021); Director, Auxo Growth Partners Ltd. (2022 – Present)	500,000 <sup>(2)</sup>	1.62% <sup>(3)(4)</sup>
Shao Bo Lu <sup>(1)</sup> Director and Chief Financial Officer <i>Vancouver, British Columbia</i>	May 13, 2022	CFO, 1319275 B.C. Ltd. (2022 – Present); Controller, H.G.L Investments Ltd (2022 – Present); President, Devin Lu CPA Inc. (2022 – Present); Realtor, Keller Williams Realty VanCentral (2020 – Present); Financial Manager, New Start Technology Ltd. (2020 – 2022); Realtor, RE/MAX Colonial Pacific Realty Ltd. (2020 – 2021); Self-employed (2019-2020); Realtor, Royal Pacific Realty Kingsway (2017-2019)	Nil	Nil <sup>(3)(4)</sup>
Richard Paolone <sup>(1)</sup> Director <i>Toronto, Ontario</i>	May 13, 2022	Principal lawyer, Paolone Law Professional Corporation (2020 – Present); Lawyer, Purdy Law Professional Corporation (2019 – Present); Articling student, Fish Law Professional Corporation (2018 – 2019)	Nil	Nil <sup>(3)(4)</sup>

**Notes:**

- (1) Members of the Company's Audit Committee. Mr. Richard Paolone served as the chair of the Company's Audit Committee prior to the Closing.
- (2) Auxo Growth Partners Ltd., a company which Mr. Famarz Haddadi holds 25% of the issued and outstanding common shares of, holds 1,000,000 Company Shares, which are not included in the table above, representing 3.23% of the issued and outstanding Company Shares immediately before the Closing.
- (3) Based on an aggregate of 30,950,000 Company Shares issued and outstanding immediately before the Closing.
- (4) On a fully diluted basis, assuming the exercise of an aggregate of 10,673,902 Company Warrants and 300,000 Stock Options and the deemed automatic conversion of 4,062,500 Special Warrants,
  - a. Mr. Famarz Haddadi would hold 1.09% of the Company Shares;
  - b. Mr. Shao Bo Lu would hold 0.11% of the Company Shares; and
  - c. Mr. Richard Paolone would hold 0.54% of the Company Shares.

The board of directors and executive officers of the Company were reconstituted following the Closing to comprise of the individuals set out under "*Information Concerning the Resulting Issuer – Directors and Executive Officers*".

### **Background – Directors and Executive Officers**

The following is a brief description of the directors and executive officers of the Company, including their names, ages, positions and responsibilities with the Company, relevant educational backgrounds, principal occupations or employment during the five years preceding the date of this Prospectus, experience in the Company's industry and the amount of time currently devoted to the affairs of the Company:

#### **Famarz Haddadi, Director and Chief Executive Officer, Age: 69**

Famarz Haddadi has served as the Company's Chief Executive Officer since March 2022. Mr. Haddadi has a master degree in Accounting and Financing from NIOC Accounting Faculty. Mr. Haddadi has over 15 years of experience in the finance and investment industry. He is presently a director of Auxo Growth Partner Ltd., a private investment firm, and was president of F&M Property Investments Ltd. from 2003 to 2021.

Mr. Haddadi devotes 50% of his time to the affairs of the Company. Mr. Haddadi is not an employee of the Company and has not entered into a non-competition or non-disclosure agreement with the Company.

#### **Shao Bo Lu, Director and Chief Financial Officer, Age:42**

Shao Bo Lu has served as the Company's Chief Financial Officer since March 2022. Mr. Lu is the founder of Devin Lu CPA Inc., which is a Vancouver-based accounting firm providing accounting and tax services to local businesses in various industries. In his public practice, he has developed experience in pre-IPO preparation and is currently serving as a controller of a few mining companies in British Columbia. In addition to his public practice, Mr. Lu has over 10 years of accounting experience in the private sector in various industries, including manufacturing, mining and real estate.

Mr. Lu is a Canadian Chartered Professional Accountant (CPA, CGA) and holds a Corporate Finance Diploma from British Columbia Institute of Technology and an MBA from Donghua University located in Shanghai, People's Republic of China.

Mr. Lu devotes 15% of his time to the affairs of the Company. Mr. Lu is not an employee of the Company and has not entered into a non-competition or non-disclosure agreement with the Company.

#### **Richard Paolone, Director, Age: 31**

Richard Paolone is a Toronto-based securities lawyer whose focus includes an emphasis on natural resources and diversified industries. Mr. Paolone is the principal lawyer of Paolone Law Professional Corporation. In his private practice, he has developed experience with respect to public companies, capital markets, mergers and acquisitions and other facets fundamental to the natural resource sector.

Prior to receiving his J.D. from Bond University in Australia, Mr. Paolone completed a B.A. from Mount Royal University in Calgary, Alberta. Mr Paolone currently serves as a director and Chief Executive Officer of several private and reporting companies, and previously was Director & CEO of Alpine Summit Energy Partners, Inc. (formerly, Red Pine Petroleum Ltd.) (TSXV:ALPS.U) and Director of Evolution Global Frontier Ventures Corp. (CSE:EGFV).

Mr. Paolone devotes 10% of his time to the affairs of the Company. Mr. Paolone is an independent contractor of the Company. Mr. Paolone has not entered into a non-competition or non-disclosure agreement with the Company.

### ***Corporate Cease Trade Orders and Bankruptcies***

Other than as disclosed below, no director or executive officer of the Company (nor any personal holding company of any such persons) is, as of the date hereof, or was within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company), that: (i) was subject to an Order, and that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No director or executive officer of the Company (nor any personal holding company of any such persons), or shareholder of the Company holding a sufficient number of securities of the Company to affect materially the control of the Company: (i) is, as of the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Rotonda Ventures Corp. ("**Rotonda**") is subject to a cease trade order dated September 3, 2020, issued by the BCSC due to Rotonda failing to file its annual audited financial statements for the period ended April 30, 2020, and its management's discussion and analysis relating thereto before the prescribed deadline. Mr. Paolone was the chief executive officer and a director of Rotonda when the cease trade order was issued. As of the date of this Prospectus, the cease trade order against Rotonda has not been revoked.

1143990 BC Ltd. ("**990**") is subject to a cease trade order dated April 8, 2020, issued by the BCSC due to 990 failing to file its annual audited financial statements for the period ended November 30, 2019, and its management's discussion and analysis relating thereto before the prescribed deadline. Mr. Paolone was the chief executive officer and a director of 990 when the cease trade order was issued. As of the date of this Prospectus, the cease trade order against 990 has not been revoked.

### ***Penalties or Sanctions and Personal Bankruptcies***

No director or executive officer of the Company (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

No existing or proposed director, executive officer or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company has as of the date hereof, or within the ten years prior to the date hereof, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets.

### **Conflicts of Interest**

Other than as disclosed herein, there are no existing or potential material conflicts of interest between the Company and a current director or officer of the Company as at the date of this Prospectus.

### **EXECUTIVE COMPENSATION**

#### ***Director and Named Executive Officer Compensation, Excluding Compensation Securities***

The table below sets out the compensation to the Company's then sole director from incorporation on August 11, 2021, to December 31, 2021, being Faramarz Haddadi.

<b>Name and position</b>	<b>Year</b>	<b>Salary, consulting fee, retainer or commission</b>	<b>Bonus</b>	<b>Committee or meeting fees</b>	<b>Value of perquisites</b>	<b>Value of all other compensation</b>	<b>Total compensation</b>
Faramarz Haddadi <i>Director</i>	2021	Nil	Nil	Nil	Nil	Nil	Nil

#### ***Stock Options and Other Compensation Securities***

The table below sets out the compensation securities granted or issued to the then sole director of the Company from incorporation on August 11, 2021, to December 31, 2021.

<b>Name and position</b>	<b>Type of compensation security</b>	<b>Number of compensation securities, number of underlying securities, and percentage of class</b>	<b>Date of issue or grant</b>	<b>Issue, conversion or exercise price</b>	<b>Closing price of security or underlying security on date of grant</b>	<b>Closing price of security or underlying security at year end</b>	<b>Expiry date</b>
Faramarz Haddadi <i>Director</i>	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil

#### ***Exercise of Compensation Securities by Directors and NEOs***

No director or Named Executive Officer of the Company has exercised any compensation securities.

#### ***Equity Incentive Plan***

For a description of the material terms of the Equity Incentive Plan and the corresponding Stock Options, see "*Options to Purchase Securities - Equity Incentive Plan*".

#### ***Compensation to Associates***

No awards, earnings, payments or payables were made to any associates of named executives or directors of the Company.

### ***External Management Companies***

Other than as disclosed in "*Information Concerning the Company - Executive Compensation - Employment, Consulting and Management Agreements*", the Company has not entered into any agreement with any external management company that employs or retains one or more of the NEOs or directors and, other than as disclosed below, the Company has not entered into any understanding, arrangement or agreement with any external management company to provide executive management services to the Company, directly or indirectly, in respect of which any compensation was paid by the Company.

### ***Employment, Consulting and Management Agreements***

Other than as disclosed below, the Company does not have any employment, consulting or management agreements with any directors or officers of the Company.

The Company entered into an independent director services agreement effective as of May 13, 2022, with Mr. Richard Paolone, to provide director related services, whereby the Company will pay Mr. Paolone a base salary of \$6,000 plus HST per annum starting on May 20, 2022. Pursuant to such agreement, the Company has also (i) agreed to pay for Mr. Paolone's travel expenses for a round trip from Toronto, Ontario, Canada to Perth, Australia, which must occur on or before May 20, 2023, and (ii) granted Mr. Paolone 250,000 Stock Options on May 20, 2022, which are exercisable at \$0.24 for a period of five years from the date of grant. See "*Information Concerning the Company - Options to Purchase Securities - Equity Incentive Plan*".

### ***Oversight and Description of Director and Named Executive Compensation***

The Company Board determines the annual compensation of Named Executive Officers. Current market conditions, market compensation, and company finances are taken into account when determining compensation.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

### ***Aggregate Indebtedness***

Other than Routine Indebtedness, no directors, executive officers and employees, and no former directors, executive officers and employees of the Company, are or were indebted to the Company in connection with a purchase of securities and all other indebtedness as at the date of this Prospectus.

### ***Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs***

Other than Routine Indebtedness, no directors or executive officers of the Company, and associates of such directors or executive officers, are or were indebted to the Company as at the date of this Prospectus.

## **AUDIT COMMITTEE AND CORPORATE GOVERNANCE**

### ***Audit Committee***

The Audit Committee of the Company provides assistance to the Company Board in fulfilling its obligations relating to the integrity of the internal financial controls and financial reporting of the Company. The external auditor of the Company reports directly to the Audit Committee of the Company. The primary duties and responsibilities of the Audit Committee of the Company include: (i) reviewing and reporting to the Company Board on the annual audited financial statements (including the auditor's report thereon) and unaudited interim financial statements and any related management discussion and analysis, if any, as well as other financial disclosure related thereto that may be required to be reviewed by the Audit Committee of the Company pursuant to applicable legal and regulatory requirements; (ii) reviewing material changes in accounting policies and significant changes in accounting practices and their impact on the financial statements; (iii) overseeing the audit function, including engaging in required discussions with the Company's external auditor and reviewing a summary of the annual audit plan at least annually,

overseeing the independence of the Company's external auditor, overseeing the Company's internal auditor, and pre-approving any non-audit services to the Company; (iv) reviewing and discussing with management the appointment of key financial executives and recommending qualified candidates to the Company Board; (v) reviewing with management and the Company's external auditor, at least annually, the integrity of the internal controls over financial reporting and disclosure; (vi) reviewing management reports related to legal or compliance matters that may have a material impact on the Company and the effectiveness of the Company's compliance policies; and (vii) establishing whistleblowing procedures and investigating any complaints or concerns it deems necessary. The full text of the Company's Audit Committee charter is attached to this Prospectus as Appendix K.

### Composition of the Audit Committee

The Audit Committee of the Company is composed of three directors, being Mr. Haddadi, Mr. Lu and Mr. Paolone. Of the members of the Audit Committee of the Company, Mr. Paolone is considered to be an independent director and all are considered financially literate, in each case within the meaning of NI 52-110.

### Relevant Education and Experience

Each of the members of the Audit Committee of the Company has extensive education and experience relevant to the performance of their responsibilities as members of the Audit Committee. See "*Information Concerning the Company – Directors and Executive Officers – Background – Directors and Executive Officers*".

### Pre-Approval Policies and Procedures

The Company's Audit Committee charter requires that the Audit Committee pre-approve any retainer of the auditor of the Company to perform any non-audit services for the Company that it deems advisable, in accordance with applicable legal and regulatory requirements and policies and procedures of the Company Board. The Audit Committee of the Company is permitted to delegate pre-approval authority to one of its members; however, the decision of any member of the Audit Committee of the Company to whom such authority has been delegated must be presented to the full Audit Committee at its next scheduled meeting.

### External Auditor Service Fees

Fees billed by the Company's external auditor, Davidson & Company LLP, during the financial period ended December 31, 2021, are as set out in the table below.

Fiscal period ending	Audit fees <sup>(1)</sup>	Audit related fees <sup>(2)</sup>	Tax fees <sup>(3)</sup>	All other fees <sup>(4)</sup>
December 31, 2021	\$10,000	Nil	\$500	Nil

**Notes:**

- (1) Fees for audit services.
- (2) Fees for assurance and related services not included in audit services above.
- (3) Fees for tax compliance, tax advice and tax planning.
- (4) All other fees not included above.

### Reliance on Exemptions

Following Listing, the Company will be a "venture issuer" and will therefore be exempt from the requirements of Part 3 (*Composition of Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

### Corporate Governance Disclosure

The Company and the Company Board recognize the importance of corporate governance to the effective management of the Company and to the protection of its employees and shareholders. The Company's approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Company are effectively managed so as to enhance shareholder value. The Company Board fulfills its mandate

directly and through its committees at regularly scheduled meetings or at meetings held as required. Frequency of meetings may be increased and the nature of the agenda items may be changed depending upon the state of the Company's affairs and in light of opportunities or risks which the Company faces. The directors are kept informed of the Company's business and affairs at these meetings as well as through reports and discussions with management on matters within their particular areas of expertise.

## The Company Board

The Company Board currently consists of three directors, of whom one is independent based on the test for director independence set out in NI 52-110. Mr. Paolone is the independent director of the Company. Mr. Haddadi and Mr. Lu are the Chief Executive Officer and the Chief Financial Officer of the Company, respectively, and are not considered to be independent based on the test for director independence set out in NI 52-110.

## Directorships

Some of the directors of the Company serve on the boards of directors of other reporting issuers (or the equivalent) in Canada or foreign jurisdictions. The table below lists the directors of the Company who serve on boards of directors of other reporting issuers (or the equivalent) and the identities of such reporting issuers (or the equivalent).

Director	Reporting issuer	Exchange	Position
Richard Paolone	Rotonda Ventures Corp.	N/A	CEO and director (2019 – Present)
	1143990 B.C. Ltd.	N/A	CEO and director (2019 – Present)
	Republic Goldfields Inc.	N/A	CEO, CFO and director (2021 – Present)
	Emerald Isle Resources Inc.	N/A	CEO, CFO and director (2021 – Present)
	XMachina AI Group Inc.	N/A	CEO and director (2021 – Present)
	1210352 B.C. Ltd.	N/A	CEO and director (2021 – Present)
	0755461 B.C. Ltd. (formerly Pro Minerals Inc.)	N/A	CEO, CFO and director (2022 – Present)

The Company Board has determined that these directorships do not adversely impact the effectiveness of this director on the Company Board or create any potential for unmanageable conflicts of interest.

## Orientation and Continuing Education

New members of the Company Board are provided with: (i) information respecting the functioning of the Company Board and its committees, and a copy of the Company's corporate governance documents; (ii) access to all documents of the Company, including those that are confidential; and (iii) access to management.

Each new director participates in the Company's initial orientation program and each director participates in the Company's continuing director development programs, all of which are reviewed annually by the Company Board.

Company Board members are encouraged to: (i) communicate with management and auditors; (ii) keep themselves current with industry trends and developments and changes in legislation with management's assistance; (iii) attend related industry seminars; and (iv) visit the Company's operations.

## Ethical Business Conduct

The Company Board has adopted the Code for the directors, officers, employees and consultants of the Company. All new employees must read the Code when hired and acknowledge that they will abide by the Code.

The Company Board is responsible for monitoring compliance with the Code. In accordance with the Code, directors, officers, employees and consultants of the Company should raise questions regarding the application of any

requirement under the Code, and report a possible violation of a law or the Code, promptly to their superior or manager. If reporting a concern or complaint to a superior or manager is not possible or advisable, or if reporting it to such person does not resolve the matter, the matter should be addressed with the Chief Financial Officer of the Company.

The Company Board monitors compliance with the Code by, among other things, obtaining reports from the Chief Executive Officer regarding breaches of the Code. The Company Board also reviews investigations and any resolutions of complaints received under the Code. In addition, the Company Board approves changes to the Code it considers appropriate, at least annually. The Code will be available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company Board takes steps to ensure that directors, officers and other employees exercise independent judgment in considering transactions and agreements in respect of which a director, officer or other employee of the Company has a material interest, which include ensuring that directors, officers and other employees are thoroughly familiar with the Code and, in particular, the rules concerning reporting conflicts of interest and obtaining direction from their superior or manager or the Chief Financial Officer regarding any potential conflicts of interest.

The Company Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations; providing guidance to directors, officers and other employees to help them recognize and deal with ethical issues; promoting a culture of open communication, honesty and accountability; and ensuring awareness of disciplinary action for violations of ethical business conduct.

#### ***Nomination of Directors***

The Company Board does not have a nominations committee or a formal procedure with respect to the nomination of directors. In addition, the Company does not have any defined policy or procedure requirements of shareholders to submit recommendations or nominations for directors, and it has not established any specific or minimum criteria for nominating directors, or specific process for evaluating any such nominees. The Company Board expects to identify future potential director candidates from recommendations made by its directors, management and shareholders, as appropriate.

#### ***Compensation***

The Company Board is responsible for determining compensation for the officers, employees, and non-executive directors of the Company. The Company Board annually reviews all forms of compensation paid to officers, employees and non-executive directors, both with regards to the expertise and experience of each individual and in relation to industry peers. See "*Information Concerning the Company - Executive Compensation*".

#### ***Other Board Committees***

The Company Board has no committees other than the Audit Committee.

#### ***Director Assessments***

The Company Board is responsible for ensuring that an appropriate system is in place to evaluate the effectiveness of the Company Board as a whole, the individual committees of the Company Board, and the individual members of the Company Board and such committees, with a view of ensuring that they are fulfilling their respective responsibilities and duties. In connection with such evaluations, each director is required to provide his assessment of the effectiveness of the Company Board and each committee as well as the performance of the individual directors, annually. Such evaluations take into account the competencies and skills each director is expected to bring to his particular role on the Company Board or on a committee, as well as any other relevant facts.

## PROMOTER

Faramarz Haddadi may be considered to be the promoter of the Company, as that term is defined in the *Securities Act* (British Columbia).

Mr. Haddadi beneficially owned, or controlled or directed, directly or indirectly, 500,000 Company Shares, representing 1.62% of the Company Shares immediately before the Closing. Auxo Growth Partners Ltd., a company which Mr. Haddadi holds 25% of the issued and outstanding common shares of, holds 1,000,000 Company Shares representing 3.23% of the issued and outstanding Company Shares immediately before the Closing.

## RISK FACTORS

An investment in the Company or the Resulting Issuer involves a high degree of risk. There are risks inherent with respect to the business of the Resulting Issuer. You should carefully consider the information in this Prospectus and the information set out under "*Information Concerning the Company - Risk Factors*", "*Information Concerning CITP - Risk Factors*" and "*Information Concerning the Resulting Issuer - Risk Factors*".

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is not, nor was, a party to any legal proceeding, nor is or was any of its property the subject of any legal proceeding, from the date of incorporation of the Company to the date of this Prospectus.

From the date of incorporation of the Company to the date of this Prospectus, there were no: (i) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority; (ii) penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements the Company entered into before a court relating to securities legislation or with a securities regulatory authority.

## INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of directors, senior officers, any person holding more than 10% of the Company Shares, or any known associates or affiliates of such persons, in any transaction since the incorporation of the Company or in any proposed transaction which has materially affected or is reasonably expected to materially affect the Company.

## INFORMATION CONCERNING CITP

### CORPORATE STRUCTURE

#### ***Name, Address and Incorporation***

CITP was incorporated under the *Corporations Act 2001* (Commonwealth of Australia) on October 8, 2019, with the name Bluewater Marine Australia Pty Ltd. CITP's name was changed to Critical Infrastructure Technologies Pty Ltd. on January 12, 2021.

The address of the registered office of CITP is 176 Marine Terrace, South Fremantle, 6162, Western Australia.

#### ***Intercorporate Relationships***

As of the date of this Prospectus, CITP does not have any subsidiaries.

### BUSINESS OF CITP

#### ***General Overview of CITP***

CITP is a product development, manufacturing and services company powered by a team made up of engineers, marketing specialists and financial personnel. CITP's design capability extends to a wide range of rapidly deployable communications and power systems to support life- and mission-critical applications for sectors such as the military and emergency service sectors.

CITP is currently developing a range of rapidly deployable, high-capacity communications platforms called the Self Deploying Skid (the "**SDS**"), which is an integrated communications platform designed to be quickly transported to remote and hostile locations, and fully operational and transmitting within 30 minutes of its initial set up. Upon completing the rollout of its technology, CITP aims to become an established player in the high capacity mobile and rapidly deployable markets, delivering long-range communications systems into those places where they are most critically needed. CITP 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.

CITP is not a reporting issuer in any jurisdiction and no securities of CITP are listed or posted for trading on any stock exchange. CITP's financial year end is June 30.

#### ***Three-Year History of CITP***

Since incorporation on October 8, 2019, CITP started researching opportunities in the infrastructure segments of the resource and defence markets to identify areas of highest value and most immediate need. CITP's market research pinpointed an unfilled need in the market for mobile high capacity communications platforms. These communications platforms could be used to provide flexible radio communications solutions for the autonomous mining systems that were being implemented by mining companies in Australia. CITP believes that such a need extends to the emergency and defence sectors.

In January of 2021, CITP began its research of a communications platform that could meet and satisfy this unfilled need in the market. Detailed specifications were developed during the next month and, by March 2021, the design process was initiated. CITP filed for its provisional patent under application no. 2021901291 on April 30, 2021. In the same month, engineering specialists were engaged and the detailed design phase begun. Concurrently, workshop facilities were built. CITP also built electronic laboratories, machine shops and parts/equipment storage.

Detailed design continued with rapid prototyping methods used to evaluate designs and inform design choices. By the second half of 2021, stage 1 of the design process was completed. This stage consisted of the design of first

release mechanical, control systems, hydraulics, power and HVAC. In addition, during the second half of 2021, a ½ scale frame incorporating mechanical and software stabilising leg technologies was built and evaluated.

By the end of 2021, the stage 2 design was entering its production engineering stage and materials were procured for a second revision of the ½ scale fully operational prototype, tower segments, drive mechanisms, live monitoring software and the development of one ⅓ scale technology demonstrator.

In September 2021, Foresense Ltd., an arm's length third party, advanced to CITP a loan in the aggregate amount of A\$100,000. The loan was used for working capital purposes and for the research and development of the SDSs. CITP anticipates that it will repay such loan upon the receipt of its R&D tax incentive rebate (the "**R&D Rebate**") for 2023 as funding permits.<sup>1</sup>

During the year ended June 30, 2021, JJC Consulting Services Trust, an entity wholly-owned by Mr. Brenton Scott, advanced to CITP a loan in the aggregate amount of A\$200,040, which is not formalized by an agreement and is repayable on demand. As of the date of this Prospectus, CITP has not repaid any part of such loan; however, anticipates doing so from surplus cash in the future as funding permits. The loan was used for working capital purposes and for the research and development of the SDSs.

2022 saw further development in CITP's control software and effort was put into designing production systems (assembly jigs) to allow for accurate manufacturing of critical components of the SDS.

CITP utilizes a loan facility (the "**Radium Loan**") provided by an arm's length third party, Radium Capital, which provides loan facilities based on a company's estimated R&D Rebate for that year. In February 2022, Radium Capital advanced to CITP A\$265,000, and in June 2022, Radium Capital advanced to CITP a further A\$235,000, for an aggregate loan advance of A\$500,000 pursuant to the Radium Loan. The Radium Loan carried a rate of interest of 14% per annum, and is secured against the R&D Rebate. CITP repaid the Radium Loan in November 2022, being A\$536,939. The Company received a further advance of \$328,500 from Radium Capital on December 18, 2022, which the Company anticipates repaying, along with the loan from Foresense Ltd., once the 2023 R&D Rebate is received. The Radium Loan was used for working capital purposes and for the research and development of the SDSs. CITP anticipates that there will be funds available under the Radium Loan after repayment of CITP's existing debt obligations; however, there can be no guarantee of availability of such funds. See "*Information Concerning the Resulting Issuer – Use of Available Funds by the Resulting Issuer*".

On April 27, 2022, CITP filed its International PCT Patent Application (No. PCT/AU2022/050389).

On June 28, 2022, an international search report and a written opinion were issued on CITP's filed application, which were both positive, with the search examiner indicating in such report and opinion that the invention defined in the claims of the application is considered to be novel and inventive and therefore patentable.

As of the date of this Prospectus, CITP has completed its ⅓ scale demonstrator and ½ scale prototype of the SDS. CITP is prepared to begin phase 1 of its buildout of two full-scale preproduction client trial SDSs, which CITP expects to be completed in the next twelve months. CITP anticipates undertaking phase 2 of such development of its buildout as funding permits. Marketing efforts commenced in December of 2022, with demonstrations of the working ½ scale

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<sup>1</sup> The process to obtain the R&D Rebate begins with an R&D tax incentive application (the "**R&D Application**") prepared and filed with the Australian Government, Department of Industry, Science, Energy and Resources ("**AusIndustry**"). If AusIndustry accepts the R&D Application, it will issue a notice of registration. CITP is then able to prepare its income tax returns and include a schedule detailing the eligible research and development expenditures, which are all expenses that relate to the conduct of the projects under the R&D Application, and file such returns with the Australian Taxation Office ("**ATO**"). The ATO reviews the income tax returns and either issues the R&D Rebate or requests more information from the applicant. CITP completed this process for both the financial years ended June 30, 2022, and June 30, 2021. CITP received its R&D Rebate for the financial year ended June 30, 2021, two weeks after filing its income tax returns, and for the financial year ended June 30, 2022, on November 9, 2022. CITP anticipates receiving its R&D Rebate for 2023 on a similar timeline.

prototype and full scale timber model with various resource companies. CITP expects to complete more demonstrations in early 2023.

CITP received R&D Rebates for 2022 in the aggregate amount of \$812,923 on November 9, 2022. An aggregate of A\$675,439 of CITP indebtedness as at September 30, 2022, was repaid using the R&D Rebate, comprising of a payment to Radium Capital on account of the balance then owing, being A\$536,939, together with the payment of A\$125,985 against accounts payables. The balance of the R&D Rebate received on November 9, 2022, was used by CITP as working capital.

### ***Actium Engagement, Acquisition and CITP Financing***

On May 13, 2021, CITP and Actium entered into the Actium Engagement Letter, whereby CITP engaged Actium as a consultant to assist it with its efforts to list, directly or through other means, on a recognized stock exchange. The Actium Engagement Letter is valid until May 13, 2023. Pursuant to the Actium Engagement Letter, Actium has agreed to provide services relating to the listing of CITP. As consideration for the engagement of Actium, CITP previously issued to the Nominees, at the direction of Actium, an aggregate of 17,256 CITP Shares (which were exchanged for 5,931,405 Resulting Issuer Shares on Closing). On Closing, the Resulting Issuer issued 3,269,416 Non-Management Consulting Warrants in full and final satisfaction of the obligations of CITP under the Actium Engagement Letter. See "*Information Concerning the Acquisition - Actium Engagement*".

CITP entered into the arm's length Share Purchase Agreement dated December 14, 2021, with the Company and the CITP Shareholders. The Acquisition was completed on February 13, 2023. Pursuant to the SPA, the Company agreed to purchase, and the CITP Shareholders agreed to sell, 100% of the issued and outstanding CITP Shares. As consideration for the sale of the CITP Shares, the Company issued to (a) the CITP Securityholder Vendors, an aggregate of 38,468,054 Company Shares at a deemed price per share of \$0.30, and (b) the CITP Financing Vendors, 9,667,345 Company Shares. See "*Information Concerning the Acquisition - Acquisition of CITP by the Company*".

As a result of the Acquisition, CITP is a wholly-owned subsidiary of the Resulting Issuer, and the business of CITP, as described in this Prospectus, is the business of the Resulting Issuer. See "*Information Concerning CITP*" and "*Information Concerning the Resulting Issuer*".

In connection with the Acquisition, CITP issued 29,857 CITP Shares in consideration for the aggregate amount of A\$2,186,057 raised pursuant to the CITP Financing. The CITP Financing Vendors received an aggregate of 9,667,345 Company Shares at Closing. See "*Information Concerning CITP - Description of Share Capital - CITP Shares*".

### ***Business of CITP***

#### **Background**

Telecommunications is one of the fastest growing industrial sectors. With an estimated worth of US\$2,713.53 billion in 2021,<sup>2</sup> the telecommunications sector is expected to reach \$3,461.03 billion in 2025.<sup>3</sup> Numerous industries, including government and military, are dependent on communications systems to provide critical services, protect lives and improve operating efficiencies. In Australia, the Royal Commission into National Natural Disaster Arrangements declared that "essential services are the systems that we rely on for our everyday needs. They include, but are not limited to, electricity, communications, water and transport".<sup>4</sup>

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<sup>2</sup> <https://www.globenewswire.com/en/news-release/2021/07/29/2271031/28124/en/Global-3461-03-Billion-Telecom-Markets-Analysis-Forecasts-2015-2020-2020-2025F-2030F.html>

<sup>3</sup> <https://www.globenewswire.com/en/news-release/2021/07/29/2271031/28124/en/Global-3461-03-Billion-Telecom-Markets-Analysis-Forecasts-2015-2020-2020-2025F-2030F.html>

<sup>4</sup> <https://naturaldisaster.royalcommission.gov.au/publications/html-report/chapter-09>

In the view of the CITP Board, while fixed communication infrastructure providers (carrier, government and private) have seen rapid growth, resulting in the expansion of technological upgrades in developed countries, the mobile or rapidly deployable sector has fallen behind. The CITP management team believes that this is due to an inability to quickly deploy high-capacity communications devices. CITP is using research, development and the combined experience of its management and team to help fill this gap caused by a lack of available options in terms of communication devices.

## **Opportunity**

CITP believes 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 CITP 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 diagnose and provide status reports; and
- the communications infrastructure product should be 100% self powered using inbuilt solar panels.

CITP believes that those markets with a need for this specialized type of communications infrastructure product have a relatively low sensitivity to purchase or lease price, given the high cost associated with communication failures, the consequences of which can include loss of life, gaps in defence systems and mine disruptions.

CITP's SDS is a portable radio communications platform that can be easily transported and rapidly deployed, which is anticipated to allow users to provide services to remote areas. Being a platform, it can support a wide range of transmission, surveillance and other technologies. This further allows the SDS to support a wide range of market sectors and use-cases, using this standard, repeatable product. CITP's initial sector targets are expected to be the mining and resource sector, the defence sector and the emergency services sector.



Figure 1 – Computer generated render of the SDS

## **Initial Sector Targets**

### *Australian Resource Sector*

The Pilbara Region of Western Australia is a high iron ore producing region. It is a 90-minute flight from CITP's operation base in South Fremantle, Western Australia, with many major mine operators' headquarters located in Perth, Western Australia. CITP has developed the performance criteria for its SDS, which are customized based on consultations with individuals in the industry.

CITP has identified a number of companies operating in the resource sector as having a need for high capacity, rapidly deployable communications platforms. The strategic placement of CITP's operation base in South Fremantle, Western Australia, is anticipated to assist with developing relationships with east coast operators that are within reach of CITP's marketing, sales and logistic support teams.

Irrespective of the geographic location, mining operators share certain challenges identified by CITP:

- some operate open-pit mines, which often feature deep pits, in remote and hostile locations, which translates to a dynamic operating environment with constant changes to topography as mining progresses and pits are opened and closed;
- they manage large areas (hundreds of kilometers) for rail linked mines; and
- they run an aggressive automation plan.

The CITP management team believes that the SDS should be able to deliver high capacity and robust radio communications into the mine pits where it is needed to enable autonomous mining activities. This ability to

communicate is anticipated to offer resource sector operators the ability to reduce capital expenditures and operating expenses and the tools to realise the high levels of automation necessary to stay competitive in a volatile resources market.

### Australian Emergency Services

During natural disasters, reliable communications can be a matter of life or death. In the 2019/2020 bushfire disasters on the east coast of Australia, over 1,000 fixed communications towers were rendered inoperable or destroyed, leaving large parts of the affected communities unable to receive or send critical information.<sup>5</sup>

Emergency service organisations around the world maintain depots equipped with tactical infrastructure needed to respond to a civil emergency.<sup>6</sup> In addition to emergency supplies and assets, like containerised field hospitals, a large emphasis is placed on communications, both for the effective execution of the organisation's duties (including workplace safety), but also for alerting the public affected by the disaster.<sup>7</sup> It is in these depots that CITP's management believe a fleet of SDS units can be stored, ready for immediate deployment.

The SDS is expected to have significant advantages in this situation, some examples of which are set forth below:

- The "Always Active" mode: Even when stored in an outdoor depot, the SDS' solar panels are expected to provide sufficient energy for the critical control and monitoring systems to remain active and linked to a central control centre.
- Pre-configurable: The SDS' payload radio equipment is expected to be preconfigured and left powered up in standby mode, which is expected to further ensure immediate readiness, should an emergency arise.
- Easy Transportation: The SDS is expected to be able to self-load onto a truck, allowing for rapid deployment and reducing the need for additional transport infrastructures such as cranes or side loaders. Furthermore, a standard civilian semitrailer (such as a B-Double) is expected to be able to be used to take four SDS units to the forward control centre, further reducing the burden on specialised emergency services assets. As the SDS is designed to comply with the regulations of shipping container dimensions, it is expected that all specialised emergency services vehicles (6x6 all-terrain trucks, barges, heavy lift helicopters) could be used for final deployment into strategic locations.
- Easy Deployment: The SDS is designed to self-unload, when delivered by all-wheel drive trucks.
- Stability Despite Difficult Terrain: With four lifting and stabilisation legs, the SDS is designed to accommodate for uneven ground, such as sides of hills, bush tracks and riverbeds. The dynamic self-level is expected to keep the tower completely vertical even in subsiding ground. When deployed into high flood or tidal surge risk areas, the SDS is designed to operate even when it is up to one meter off the ground in light wind conditions (wind speed <40km/h). If the floods or wind conditions worsen, the SDS is designed to retract its tower and solar array and lift itself up to two meters above the ground. This is expected to allow the product to keep operating in up to one meter of flood waters and survive up to two meters of flood water.

As with the mineral resource sector, the emergency service sector is well understood by the CITP team, who understand the challenge of maintaining readiness after long periods of storage and the importance of ease of deployment, product resilience and self-reliance augmented by solar energy harvesting and high levels of fault tolerance.

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<sup>5</sup> <https://www.smh.com.au/politics/federal/more-than-1000-mobile-towers-and-nodes-went-down-during-the-bushfires-20200430-p540po.html>

<sup>6</sup> [https://www.oig.dhs.gov/assets/Mgmt/OIG\\_09-96\\_Aug09.pdf](https://www.oig.dhs.gov/assets/Mgmt/OIG_09-96_Aug09.pdf)

<sup>7</sup> [https://www.oig.dhs.gov/assets/Mgmt/OIG\\_09-96\\_Aug09.pdf](https://www.oig.dhs.gov/assets/Mgmt/OIG_09-96_Aug09.pdf)

## Defence

In line with most Indo-Pacific nations, Australia is undergoing an expansion in defence capability.<sup>8,9</sup> Included in this tranche of activity are significant enhancements to its Battle Management System ("**BMS**") and Tactical Communications Network System.<sup>10</sup> A key strategy in this enhancement program is the investment in local producers of technology and services.<sup>11</sup> In the opinion of the CITP management team, modern defence forces understand that legacy communications equipment (e.g., VHF and HF Voice and trunked low speed data communications) is no longer viable in modern, fast-moving warfare, which relies on high bandwidth communications like real time video and the ability to simultaneously track many targets at once.

CITP believes the SDS is unique in its ability to provide the military with a fully self-contained and rapidly deployable asset capable of supporting a wide variety of critical equipment payloads. The SDS is designed to lay dormant with retracted antennas for many months, waiting for a command to activate. Once activated, it is expected to be able to form a critical link in the BMS, supporting communications and reconnaissance efforts. Some of the features of the SDS that are expected to directly assist with the foregoing are as follows:

- Self-unloading: The SDS is designed to be deployed without its operators leaving an armoured cab, if required.
- Low requirement for transport vehicles: There is no requirement for specialised trucks or operators. The SDS is expected to be able to be transported in civilian vehicles if needed.
- Automation: The SDS is designed to allow for autonomous operation. It is solar powered and highly redundant, which means that it is expected that it can be left operational for long periods of time, unattended.

In addition to its telecommunications missions, the SDS is designed to be modified and adapted to fulfil other unique roles in defence support operations. A version without a tower, but retaining the self-unloading and stabilisation technology, is expected to support large, stored-power requirements, power generation, edge computing systems and hardened command and control posts. Its anticipated ability to deploy 5 kilowatts of solar array means that it is expected to support remote outposts autonomously and silently. Having no wheels, the SDS is designed to have a low observable profile that can be dug in for full coverage. In low power, standby mode, overhead solar panels are expected to ensure the SDS is always powered and ready for deployment, even after up to a year and a half of sitting in an outdoor storage depot.

## Canada, Continental America and the Rest of World – Resources, Defence and Emergency Services

The CITP team has a decade of experience working with Australian communication technology consumers, most notably in the mining and emergency service sectors. In addition, the Pilbara region is home to Australia's largest mining operations and is less than two hours by air travel from CITP's head office allowing close contact with the client's operations and engineering teams during product installation and commissioning. Along with local consumption, major producers often have international operations, particularly in continental USA and Africa. CITP anticipates that SDS products will be exposed to international markets as Australian leased and purchased product will be sent to remote operations to maintain corporate consistency in purchasing and maintenance.

After the Australian launch of its SDS, CITP anticipates that it will begin to approach the resource, defence and emergency service sectors of the United States, as needed and subject to the availability of funds.

### **Distribution Methods**

CITP has developed different distribution strategies for different markets:

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<sup>8</sup> <https://dsm.forecastinternational.com/wordpress/category/region/pacific/>

<sup>9</sup> <https://www.reuters.com/article/us-australia-defence-idUSKBN242466>

<sup>10</sup> <https://www.contactairlandandsea.com/2017/12/11/armys-new-battlefield-command-system-will-work/>

<sup>11</sup> <https://www.contactairlandandsea.com/2017/12/11/armys-new-battlefield-command-system-will-work/>

- **Resource:** CITP's core strategy is to offer the SDS product to end customers as fully supported, leased or rental arrangements, rather than outright purchases.
- **Defence and Emergency:** CITP's management team expects that outright sales will be the client preferred method of procurement for the SDS.

The SDS is designed to be simple for the client to deploy and operate. Advanced telemetry systems are designed to report back aspects of the product's performance and operation to the NOC. This reporting feature is designed to allow for pre-emptive maintenance and real time billing data to be generated. CITP anticipates that it will access the Western Australian mining sector via a sales and support depot that is expected to be established in a Pilbara mining town, Newman, Western Australia. For the emergency services and defence sectors, CITP anticipates that it will access such sectors through direct sales or lease to the organizations from new bases that it expects to set up in Canberra and the capital cities of each Australian state. Concurrently with establishing local Australian bases, CITP hopes to access the Canadian and the continental American markets by establishing a Canadian operation in the latter half of 2023, if and as funding permits. This proposed Canadian base is expected to include sales services and provide final assembly, payload integration and testing, along with support and training.

From a logistics perspective, distribution of the SDS is expected to be simplified due to its formfactor and construction. The SDS is intended to be constructed based on a twenty-foot high cube container called a Twenty Foot Equivalent Unit, which features standard lifting and securing points similar to a normal container. CITP believes this will allow the SDS to be lifted and transported by all common infrastructure in all countries. As such, the SDS is designed to be transported by truck, train, ship or, in some cases, helicopter, which CITP believes can be handled by any logistics organisation. The SDS is expected to be constructed to mining and, where required, military construction standards, which means the SDS is expected to survive harsh environmental conditions during transport and while stored.

CITP anticipates that it will be able to access the initial target sector markets with relative ease due to the location of the SDS development and production facilities in Fremantle, Western Australia. CITP hopes that access to major mines, which will allow executives of mining corporations to personally attend CITP's facilities to view the final SDS firsthand and be present as SDS are fitted out with custom payloads and tested before shipment, will translate into revenue and market shares.

### Timing and Stage of Research and Development Programmes

In the past 24 months, CITP secured seed funding and leased a large office and factory premise located at 176 Marine Terrace, Fremantle, Western Australia. CITP has not entered into a formal lease agreement in connection with the office and factory premise; rather, it rents month by month at a rate of A\$31,479 per month. Furthermore, CITP has fitted out office and warehouse facilities and completed a build-out of dedicated electronic and mechanical laboratories. CITP has also recruited its core engineering team and its drafting and mechanical assembly teams, and has developed reduced scale models to test and refine its design. CITP submitted a Patent Cooperation Treaty application under the application number PCT/AU2022/050389 on April 30, 2022, with an earliest priority date of April 30, 2021, for a patent covering a number of innovations contained within the SDSs, as set out in the table below, in all countries and regions that are signatories of the Patent Cooperation Treaty.

Technology	Status	Protection
Container Base	Ready for production engineering	Patent PCT/AU2022/050389 Australia
15m Retractable Tower	Ready for third party certification	Patent PCT/AU2022/050389 Australia
Tower Drive Assembly	Completed when tower is certified	Patent PCT/AU2022/050389 Australia
Hydraulic lifting and stabilisation	Prototype complete and tested	Patent PCT/AU2022/050389 Australia
Photovoltaic (solar power) array mechanical	Completing finite element analysis	Patent PCT/AU2022/050389 Australia

Technology	Status	Protection
Equipment and subsystems	Designed and selected – In test	Patent PCT/AU2022/050389 Australia
Autonomous and remote monitoring	Completed and in test with simulator	Patent PCT/AU2022/050389 Australia
Hydraulics, Electrical and HVAC	Design complete and in test with ½ scale prototype	Patent PCT/AU2022/050389 Australia

On April 27, 2022, CITP filed its International PCT Patent Application (No. PCT/AU2022/050389).

On June 28, 2022, an international search report and a written opinion were issued on CITP’s filed application, which were both positive with the search examiner indicating in such report and opinion that the invention defined in the claims of the application is considered to be novel and inventive and therefore patentable.

CITP expects the international patent award date to be in April 2023. An International Search Report and Written Opinion was issued on CITP's application for a patent by the International Searching Authority in July 2022, which indicates that the invention defined in the claims of CITP's application is considered novel and inventive, and therefore, in the view of the International Searching Authority, patentable. CITP anticipates that it will file separate international and regional applications based on the Patent Cooperation Treaty application in 2023. CITP anticipates that its international patent application will be focused around Canada, U.S., South America, and Europe.

### **In-house Research and Development**

CITP has a team of specialist engineers, some of whom have worked together for almost a decade developing communications products. CITP believes that the team's expertise covers all major engineering disciplines required for developing the SDS, which it believes to be an innovative communication product. By combining the experience of the engineers with experienced mechanical and electrical tradespeople, along with CITP's electronic, fabrication and mechanical laboratories, CITP performs its designing, prototyping and testing in-house. Additionally, CITP has contracted third-party engineers to provide additional specialist services (e.g., hydraulics, finite element analysis verification, and safety integration level systems), independent engineering reviews of proposed designs, and certification of the completed product, once available.

Design elements are separately qualified as they are developed. For the structural members, this is done with in-house software tools, such as finite element analysis. With almost all of the design process now complete, elements of the SDS will be produced and tested physically in-house, which began in April 2022, with third-party certification initiated in October 2022.

While the certification process can vary from region to region due to differences in certification standards, CITP anticipates that it will engage the certification provided by International Organization for Standardization. Specifically, CITP expects that it will complete a certification pursuant to ISO 22111:2019, which is currently anticipated to be conducted by Craig Cooper from Roam Engineering. Mr. Cooper is a certified practicing engineer with experience in mechanical and structural tower design. CITP anticipates that it will receive a certificate of compliance from International Organization for Standardization in February 2023, after which, CITP anticipates that it will engage certified practicing engineers in markets of interests to secure local compliance certificates as needed.

### **Steps Required to Reach Commercial Production**

As of the date of this Prospectus, all the critical design tasks relating to the SDS are complete and the patent applications have been filed in order to protect certain aspects of the technology in relation to the SDS. CITP is currently transitioning into the production engineering and marketing phase. In this phase, it is expected that the 1/5 and ½ scale prototypes, which are completed as of the date of this Prospectus, will be available for CITP to exhibit at local and international disaster, mining and defense exhibitions. Marketing efforts commenced in December of 2022 with demonstrations of the working ½ scale prototype and full scale timber model commencing with various resource companies. CITP currently anticipates that it will participate in the Natural Disasters Expositions to be held

in Miami, Florida, in March of 2023. Additionally, CITP anticipates that further direct engagement with large mining companies located in Western Australia will initiate the evaluation and acceptance process, which CITP hopes will pave the way to possible product sales and leasing arrangements.

Following on from the 1/5 and 1/2 scale prototypes, CITP is prepared to begin phase one of its buildout of two full-scale preproduction client trial SDSs that can be deployed to customer sites for compliance and acceptance testing, which it expects to complete in the next twelve months. CITP anticipates undertaking phase two of such development of its buildout. CITP expects that the building of the first two full-scale preproduction client trial SDSs will allow assembly and production methodologies to be finalised and cost reduction strategies to be implemented. In addition, CITP anticipates that it will establish the NOC, as funding permits, in the future to allow for 24/7 monitoring of all of the SDSs.

### CITP Development Budget Overview

CITP's anticipated costs for the development phase of its SDS are outlined in the table below.

Development Phase	Estimated amounts	Anticipated Timeframe
Phase one of production of two client trial SDS units	A\$105,000 <sup>(1)</sup>	0 – 12 months
Phase two of production of two client trial SDS units	A\$455,000 <sup>(2)</sup>	As funding permits
Establishment of the NOC	A\$50,000	As funding permits
Factory fit out for volume production of the SDS units	A\$50,000	As funding permits
<b>TOTAL:</b>	<b>A\$660,000<sup>(3)</sup></b>	

#### Notes:

- (1) Comprised of costs associated with: (i) the order and purchase of long lead items (A\$105,000); and (ii) the issue of tenders for the production of the steel components (A\$nil).
- (2) The Resulting Issuer anticipates that phase two of the production will be comprised of costs associated with: (i) steel fabrication of structure (A\$305,000); (ii) lithium batteries (A\$45,000); (iii) air conditioners and generators (A\$35,000); and (iv) miscellaneous items such as hydraulics, wiring, control room, computer racks, and solar panels (A\$70,000). The Resulting Issuer also anticipates that it will establish the NOC and complete the factory fit out for volume production of the SDS units as funding permits, which may be in part financed by a drawdown on the Radium Loan and the balance of the R&D Rebate after repayment of loan from Foresense Ltd. However, **none of the aforementioned sources of financing is guaranteed and the completion of phase 2 is entirely dependent on additional access to capital.** See "*Information Concerning CITP - Business of CITP - Three-Year History of CITP*".
- (3) Approximately \$610,632 converted into Canadian funds based on the Current Exchange Rate. Also see "*Use of Available Funds by the Resulting Issuer*" for a discussion of anticipated general and administrative costs in the next 12 months.

## Production and Services Delivery

### Australian Based Manufacturing

The SDS is designed to consist of many subassemblies fitted to a rigid steel base. This form factor is designed to lend itself to rapid assembly using prefabricated and tested modules. It is expected that SDS assembly and testing will be done in CITP's South Fremantle facilities, which will allow production volume of up to two SDSs per week, using a pulse mode of assembly. Pulse mode is where a container-sized base-frame moves around the plant from station to station as each subassembly is added. Assembly stations are anticipated to include tower, hydraulics, power systems, equipment room, photovoltaic (solar power) array, client radio equipment and finally the power up and test bays. On the completion of a circuit, the SDSs, which are expected to be built in pairs, will be dispatched to CITP's testing and integration site. At this point, it is expected that the two welded SDS frames will then be ready for the assembly process to begin. CITP's manufacturing facility is expected to be in close proximity to Western Australia's largest industrial area and rail and trucking facilities, and is expected to allow for rapid part delivery and to support the planned lean production methodologies (based on the 5S organization method that focuses on keeping the production workspace organized, which increases efficiencies) that allow an efficient manufacturing process where stock is maintained at the lowest possible levels to reduce costs and obsolescence. In the event demand exceeds CITP's capacity, CITP expects that larger assembly plants will be available for lease or purchase

in Henderson, Western Australia, or other industrial areas of Perth, Western Australia, which CITP expects it will be able to quickly set up to handle overflow or take on the role of primary production.

### International Manufacture

In the event demand for the SDS arises in North, Central and South America, CITP anticipates that it will establish an assembly plant in Canada to provide products to the U.S.-based Federal Emergency Management Agency and the North American and South American resource sector. A large proportion of the SDS is designed to be manufactured from common materials (e.g., steel and fibreglass) that are readily available in the market, so locally sourced materials will help to keep costs down and reduce delivery delays. CITP will retain the intellectual property that forms the specialised manufacturing technologies and software control systems. As of the date of this Prospectus, CITP has not engaged in any conversations with local counsel in relation to the distribution of products outside of Australia; however, CITP anticipates that it may need to make design modifications to conform its SDS to international markets before these markets can be accessed.

### **Complementary Services**

#### Continuous Monitoring

It is expected that each SDS that leaves CITP's factory will have an embedded monitoring and communications system capable of reporting back to the anticipated NOC. This system will be powered by the photovoltaic (solar power) array and is expected to maintain operation even when the SDS is powered down and stored in an outdoor depot awaiting deployment. It is expected that all operational and environmental data will be captured and relayed, so that the locations and operating parameters for every SDS are actively monitored. The monitoring is expected to provide the following benefits to the lessee or owner:

- real-time usage information so that clients can be accurately charged for services;
- notification to the support group of the need for pre-emptive maintenance;
- remote on-site assistance to operators can be delivered in real time;
- the ability for CITP to undertake remote management and control (only if authorised); and
- the ability for status reporting to the client's mine management or crisis management systems.

CITP expects that each SDS will have an embedded monitoring and communications system ("**MC System**") capable of reporting back to its NOC. The MC System is anticipated to be powered by the photovoltaic (solar power) array and is expected to maintain operation even when the SDS is powered down and stored in an outdoor depot awaiting deployment. It is expected that operational and environmental data generated by the SDSs will be captured and relayed, so that the locations and operating parameters for the SDS are actively monitored by analysts located in the NOC.

CITP expects some clients will opt to use their own monitoring and operations centers. For such clients, CITP anticipates that it will offer an encrypted data feed that will allow for information to be communicated directly to the client's control center. CITP intends to operate in compliance with laws and regulations applicable to privacy and national security. For defence and high security customers, CITP anticipates that such customers will install their own secure telemetry systems and connect directly to the SDS's control system, which is expected to enable them to use end to end security on a private network.

#### On-Site Support

Underpinning CITP's proposed product leasing model is the ability to provide on-site support for CITP's clients. As such, in due course and as needed, subject to the availability of funds, support bases are expected to be set up in key locations around Australia to allow for easy access to target markets. First, CITP anticipates it will set up support bases for the resource sector in the north of Western Australia within 6 to 12 months of product shipment to those areas. Others will follow, with a domestic rollout expecting to cover all major capital cities in Australia, as needed

and subject to the availability of funds. CITP's management team expects to set up support bases in Sydney, Brisbane, Melbourne, Canberra, and Darwin within 12 to 18 months of product shipment to the respective areas, subject to the availability of funds. A similar model is expected to be used for international operations in areas of greatest uptake in product, subject to the availability of funds, which the CITP management team currently anticipates to be Vancouver, British Columbia, Canada; Atlanta, Georgia, USA; Rio de Janeiro, Brazil; Johannesburg, South Africa; and Minneapolis, Minnesota, USA. These on-site support and maintenance bases are expected to provide routine maintenance for leased or purchased SDSs. In addition, in due course and as needed, subject to the availability of funds, CITP expects to set up field service centres that are expected to offer training, client equipment installation, network design and time and materials services ranging from break-fix through to comprehensive communications solutions for a client. It is expected that annual contracts for support will be either embedded in lease agreements or sold separately. The CITP Board expects that such annual contracts for support will provide the potential to generate adequate margins to provide continuous cash flow, regardless of volatility within the market segments.

### Network Integration

CITP's team includes qualified and experienced communications engineers. In addition to product design, these engineers are expected to be able to offer a range of value-add services to CITP's potential clients with minimum capital costs associated with the set up for such range of value-add services, including the following:

- design of communications networks (mobile phone (long term evolution), voice mobile radio, microwave or fibre), as requested by clients;
- payload equipment installation and commissioning;
- system integration to provide a complete, operational system direct from the factory; and
- interoperability testing (allowing multiple agencies to communicate on a common platform).

As with the on-site support services, this anticipated service-based component of CITP's product offering is expected to provide independent revenue streams through annual contracts of support or be embedded in the lease or sale agreement. CITP anticipates that such network integration offerings will also be able to provide early visibility of the client's network planning processes, which is anticipated to allow the CITP sales and marketing teams to engage with the data early, in preparation of better positioning CITP products to fulfil client needs.

### **Specialised Skill and Knowledge**

#### Technology Development

At the core of CITP's engineering group are five specialist engineers, who are also CITP Shareholders, each with up to three decades of resource, aerospace, emergency services or defence sector experience. CITP employs each of these five specialist engineers pursuant to employment agreements and believes these five engineers have the expertise required for the SDS design, prototyping, testing and production. The five specialists are skilled in the development of communication systems, electronics and control systems, power generation, conversion and storage system, mechanical systems, structural engineering, hydraulics systems, field support and telemetry systems, and production automation and robotics systems.

### **Management, Marketing and Sales**

The management of CITP is led by Mr. Brenton Scott, the Chief Executive Officer and Chief Financial Officer of CITP, a chartered accountant with corporate auditing and public company experience. CITP anticipates that Mr. Brenton Scott's experience will ensure that funding and compliance requirements are prioritised. CITP's marketing and sales functions are led by Mr. Andrew Hill, the Chief Technology Officer of CITP, with 20 years experience in resources, emergency services and technology sectors and a track record of building product- and services-based businesses. See "*Information Concerning CITP - Directors and Executive Officers*".

## Competitive Conditions

The SDS was designed to meet a significant gap in the market that was identified by the CITP management team. CITP believes there is no product with the capability of the SDS and therefore no direct competitors. CITP believes the need for a product like the SDS is large and growing, as the need for reliable, high-capacity communications systems is expanding, and mining, defence and emergency service spending budgets are increasing. Currently, CITP believes this need is being fulfilled with fixed infrastructure products that are expensive and difficult to relocate, resulting in poor financial, technological and environmental performance. CITP believes this market is diversifying and growing rapidly, anticipated to result in a rich sales environment. The CITP management team believes that competition will arrive, but will be faced with the difficulty of developing a product with equivalent performance without infringing CITP patents currently in the application stage with IP Australia. Furthermore, CITP is currently in the process of completing an International Type Search, which is expected to inform CITP's decision to further pursue international patent application. In addition, the critical role of communications means that most companies will invest long term in a technology with staff training and supporting systems so changing technologies is not done without compelling reasons. CITP's first mover advantage is expected to assist CITP in establishing the SDS as the category leader in the class of radio communications platform products.

## New Products

CITP is currently focused on the developments of its SDS; however, management of CITP will seek to anticipate market demand and develop additional products when the market opportunity arises. Details of such additional products will be publicised as they approach the stage when they can be released to the market.

## Intellectual Property

The intellectual property owned by CITP is mostly contained within two main technology areas:

- the design and the manufacturing processes for the communications tower; and
- the control systems software used for autonomous operation and remote management.

While this intellectual property is unique and applications have been filed with IP Australia for its protection in Australia, the remaining parts of the SDS product can be sourced from multiple vendors. The exotic steels used for the tower are uncommon in the communications infrastructure industry, but commonly used in other industries like transport. As such, CITP does not anticipate their sourcing to be an issue as they are available from multiple sources. Similarly, hydraulics and power subsystems can also be obtained from a number of sources. The SDS is designed to accommodate variation in product supply, which is expected to further protect production against global shortages. CITP does not anticipate there to be any components of the SDS that are uniquely or single sourced. CITP anticipates that production will be setup with multiple sources of suppliers in order to help ensure business continuity.

### Intellectual Property Protection

On May 6, 2021, IP Australia provided CITP with a notice of filing for its provisional patent application under application No. 2021901291, certifying its filing date as of April 30, 2021. Pursuant to a deed of assignment dated April 27, 2022, Mr. Andrew Hill, the Chief Technology Officer and a director of CITP, and Mr. John Jacob, who have contributed to the development of an invention that is the subject of Australian provisional patent (No. 2021901291), agreed that the rights in the invention and in the application vests with CITP.

Further to the application for its provisional patent, CITP has filed Australian Patent PCT/AU2022/050389 with IP Australia in April 2022 for the key technologies outlined below:

- 15 meter high-capacity retractable tower and drive arrangement;
- SDS self deploying base arrangement;

- software and artificial intelligence developed for the autonomous control of the SDS; and
- power systems, remote command and control, hydraulics, photovoltaic (solar power) deployment, climate control systems and most other unique aspects of the design of the SDS.

Additionally, unique production methodologies required for tower fabrication and testing are expected to be protected in Australia under a separate patent application with IP Australia once the methodologies are finalised. Product and methodology patents are expected to be extended to Canada, the United States and Europe within the next 12 to 18 months through the filing of additional patent applications in those jurisdictions. See "*Information Concerning CITP - Business of CITP - Business of CITP - Timing and Stage of Research and Development Programmes*".

### **Economic Dependence**

CITP does not expect to be subject to any commercial dependencies, including any early economic dependencies. As a core strategy, CITP intends to ensure that, in due course and as needed, subject to the availability of funds, its business will be spread across many market segments, major customers, geographical regions and revenue models (including lease or purchase) to ensure that volatility in the world's financial and political climates does not affect sales. Through demonstrations using its scaled models, CITP anticipates that it will aim to achieve diversification in major customers and revenue models in Western Australia. Expansion into different geographic locations and market segments is expected to occur once such diversification has been accomplished, as needed and subject to the availability of funds.

### Environmental Protection

CITP is aware of the increased focus on the impact products have on the environment, particularly in sensitive ecosystems or culturally significant areas, and has developed the SDS with this focus in mind. By the very nature of the design, the SDS is intended to change the way communications infrastructure is deployed and managed. The same rapidly deployable and solar powered features that are expected to allow operators to cut significant costs from their operating budgets can also be expected to result in a substantial reduction in undesirable environmental impacts.

<b>Environmental impact</b>	<b>SDS design feature</b>	<b>Residual impact</b>	<b>Anticipated result</b>
Trucks, cranes and construction crews accessing sites can cause a negative environmental impact.	The SDS is designed to feature self-loading and unloading to minimize requirements of transportation infrastructure.	Single truck is expected to deploy SDS onto uncleared land.	Less than 10% of the environmental impact of a standard radio base station installation. <sup>(1)</sup>
Ground disturbance in national parks or sensitive cultural areas.	Deployment and stabilization legs of the SDS are expected to minimize ground disturbances.	Anticipated to require less than one square meter of ground contact for a radio base station.	No excavation, no concrete, no drilling. Light touch on the environment. Once the SDS is removed, nothing is left behind.
Diesel generators creating noise, vibration and greenhouse gasses.	5 kilowatts of solar power array.	Designed for solar power to supply most, if not all, of the power for the radio base station.	Significant reduction in noise, vibration and greenhouse gasses, which is of particular importance in sensitive ecosystems such as national parks. <sup>(2)</sup>
Maintenance and fuel trucks attending sites to maintain equipment.	Autonomous operation and comprehensive monitoring. Fully redundant critical systems with automated fault resolution.	With redundant systems, the SDS is designed to run for up to 12 months between maintenance visits.	Significant reduction in damage to the environment caused by site visits. <sup>(3)</sup>

Notes:

- (1) The SDS is anticipated to occupy one square meter versus up to one hundred square meters for a comparable radio based station.
- (2) The SDS is designed to draw 90-100% of its powers from solar energy, which is anticipated to be stored in batteries, thereby reducing generator run times by up to 90%.
- (3) Standard generator powered sites require refueling every one to two weeks. Based on current expectations, the SDS can run up to 12 months between refills.

## Employees and Contractors

CITP's team is currently heavily weighted towards product development and sector marketing. CITP currently has 11 officers, employees and consultants, eight of whom work exclusively on the development of the SDS and three of whom are involved with management, compliance and early engagement with key customers.

In the event CITP pivots to volume production, additional human resources will be brought on, including sales managers, production managers, factory staff, and support staff, as needed and subject to the availability of funds. The current South Fremantle facility occupies 1800 square meters of land and is equipped with a large factory, storage and office facilities, including clean rooms for assembling sensitive equipment, and is expected to be adequate for the next five years of CITP's currently anticipated growth.

## Foreign Operations

All of CITP's operations are currently located in Australia, with goals to expand its operations into North, Central and South America, particularly into Canada and the United States, in due course and as needed and subject to the availability of funds.

## DIVIDENDS OR DISTRIBUTIONS

CITP has neither declared nor paid any dividends on the CITP Shares. CITP intends to retain its cash to finance growth and expand its operations and does not anticipate paying any dividends on the CITP Shares in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of the CITP Board and will depend on many factors, including, among others, CITP's financial condition, current and anticipated cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by applicable corporate law and other factors that the CITP Board may deem relevant.

## SELECTED FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION & ANALYSIS

### *Selected Financial Information*

The table below sets forth selected financial information for CITP. The selected financial information has been derived from, and is qualified by, the CITP Financial Statements. The selected financial information should be read in conjunction with the CITP Financial Statements and the CITP MD&A.

	Three months ended September 30, 2022 (unaudited)	Year ended June 30, 2022 (audited)	Year ended June 30, 2021 (audited)
Current Assets	A\$1,041,770	A\$1,180,398	A\$452,510
Total Assets	A\$2,494,484	A\$2,284,894	A\$790,065
Current Liabilities	A\$1,970,580	A\$1,856,406	A\$614,284
Total Liabilities	A\$1,970,580	A\$1,856,406	A\$1,149,284
Revenue	Nil	Nil	Nil
Expenses	A\$170,084	A\$607,493	A\$360,318
Net Income (Loss)	A\$(170,084)	A\$(607,493)	A\$(360,318)

## MD&A

Attached to this Prospectus as Appendix I and Appendix J are CITP's MD&A for the year ended June 30, 2022 and for the three months ended September 30, 2022. The discussion of results in the CITP MD&A is as of the date stated in the CITP MD&A and should be read in conjunction with the CITP Financial Statements and the disclosure contained in this Prospectus.

### **Additional Disclosure for IPO Venture Issuers Without Significant Revenue**

The table below sets forth a comparative breakdown of material components of CITP'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, 2022, and the years ended June 30, 2022, and 2021.

	Three months ended September 30, 2022 (unaudited)	Year ended June 30, 2022 (audited)	Year ended June 30, 2021 (audited)
Expensed research and development costs			
Consulting fees	Nil	A\$94,759	A\$13,018
Salaries	Nil	Nil	A\$6,408
Travel	A\$13,737	Nil	Nil
Other	A\$3,702	A\$7,516	A\$7,016
Intangible assets arising from development <sup>(1)</sup>			
Consulting fees	A\$208,688	A\$223,314	A\$104,812
Equipment and parts for ½ scale SDS	A\$250,227	A\$186,420	A\$43,994
Office rent	A\$294,998	A\$226,706	A\$115,512
Salaries	A\$573,274	A\$353,150	A\$51,595
Other	A\$37,968	A\$27,347	A\$21,642
General and administrative expenses			
Advertising costs	Nil	Nil	A\$200,000
Interest	A\$24,810	A\$90,595	A\$11,040
Other	A\$4,225	A\$49,817	A\$25,721
Other material costs not disclosed above	Nil	Nil	Nil

**Note:**

(1) Net of accumulated amortization and impairment.

### **Additional Disclosure for Junior Issuers**

CITP had negative cash flow from operations for its most recently completed financial year. CITP expects to have sufficient funds available to fund operations for a period of 12 months. CITP estimates costs of A\$105,000 to achieve its stated short-term business objectives and general and administrative costs of A\$913,183 for the next 12 months. See "Information Concerning CITP - Business of CITP - Business of CITP - Steps Required to Reach Commercial Production - CITP Development Budget Overview".

## DESCRIPTION OF SHARE CAPITAL

### **Authorized Share Capital**

CITP's authorized capital consists of an unlimited amount of CITP Shares, of which 141,035 CITP Shares were issued and outstanding as at the date of this Prospectus (all of which are held by the Company), and an unlimited amount of preference shares, of which none are issued and outstanding as of the date of this Prospectus.

### **CITP Shares**

29,857 CITP Shares were issued pursuant to the CITP Financing and 8,741 CITP Shares were issued pursuant to the conversion of the CITP Notes, as a result of which CITP had an aggregate of 141,035 CITP Shares issued and outstanding immediately prior to the Closing. At Closing, the Company acquired such CITP Shares in consideration for the issuance of (a) an aggregate of 9,667,345 Company Shares to the CITP Financing Vendors and (b) an aggregate number of 38,468,054 to the CITP Securityholder Vendors.

Holders of the CITP Shares are entitled to receive notice of any general meeting of CITP. On a show of hands, each holder of CITP Shares (other than those present by proxy) is entitled to one vote, and on a poll, each member present is entitled to one vote. Subject to the rights of holders of any shares ranking in priority to or on a parity with the CITP Shares, holders of CITP Shares may receive dividends as and when declared by the directors and to participate ratably in any distribution of the CITP's property or assets upon liquidation or wind-up. Before issuing CITP Shares or options to acquire CITP Shares, of which no options have been issued since the incorporation of CITP, to any person, the CITP Board must offer to issue them to existing holders of CITP Shares. Prior to a transfer of CITP Shares, the holder of the CITP Shares to be transferred must first offer such CITP Shares to other holders of CITP Shares.

## OPTIONS TO PURCHASE SECURITIES

CITP does not have any options to purchase securities of CITP as of the date of this Prospectus. Pursuant to the Actium Engagement Letter and the Non-Management Consulting Agreements, on Closing, the Resulting Issuer issued 3,269,416 Non-Management Consulting Warrants in full and final satisfaction of the obligations of CITP under the Actium Engagement Letter. See "*Information Concerning the Resulting Issuer – Options To Purchase Securities – Non-Management Consulting Warrants*".

## CONSOLIDATED CAPITALIZATION

Excluding the Closing, there have been no material changes in the capital of CITP since September 30, 2022, except for (a) the completion of the CITP Financing resulting in the issuance of 16,339 CITP Shares, (b) the conversion of the CITP Notes resulting in the issuance of 2,046 CITP Shares, (c) the issuance of 2,437 CITP Shares to Actium pursuant to the Actium Engagement Letter, (d) the repayment of the Radium Loan in the amount of A\$536,939, and (e) the advancement of the 2023 Loan (the "**CITP Changes**"). The table below outlines (a) the consolidated capitalization of CITP as at September 30, 2022; and (b) the consolidated capitalization of CITP immediately before the Closing and after giving effect to the CITP Changes. The table below should be read in conjunction with the CITP Financial Statements.

Description	Authorized	Outstanding as at September 30, 2022	Outstanding immediately before the Closing, after giving effect to the CITP Changes
CITP Shares <sup>(1)</sup>	Unlimited	120,213	141,035
CITP Notes	N/A	A\$100,000	Nil
Indebtedness	N/A	A\$1,970,580 <sup>(2)</sup>	A\$833,957 <sup>(2)</sup>

**Notes:**

- (1) See "Information Concerning CITP - Description of Share Capital - CIP Shares".
- (2) Includes the 131 Loans in the aggregate amount of \$300,000 converted into Australian funds, being approximately A\$324,254, based on the Current Exchange Rate, which was advanced by the Company to CIP pursuant to loan agreements dated December 17, 2021, March 31, 2022, and February 2, 2023. See "Information Concerning the Acquisition - Acquisition of CIP by the Company".

**PRIOR SALES**

The table below summarizes the issuances of CIP Shares and securities that are convertible or exchangeable into CIP Shares since incorporation.

Issue date	Type of security	Number or aggregate amount issued	Issue price	Exercise or conversion price	Description of issuance
October 8, 2019	CIP Shares	100	A\$1.00	N/A	Incorporator's shares
March 3, 2021	CIP Notes	A\$125,000	N/A	\$67.94 <sup>(1)</sup>	Private placement
April 6, 2021	CIP Notes	A\$100,000	N/A	\$67.94 <sup>(1)</sup>	Private placement
May 1, 2021	CIP Shares	85,081	A\$0.01	N/A	Private placement
June 1, 2021	CIP Notes	A\$70,000	N/A	\$67.94 <sup>(1)</sup>	Private placement
June 2, 2021	CIP Notes	A\$15,000	N/A	\$67.94 <sup>(1)</sup>	Private placement
June 3, 2021	CIP Notes	A\$15,000	N/A	\$67.94 <sup>(1)</sup>	Private placement
June 30, 2021	CIP Notes	A\$210,000	N/A	\$67.94 <sup>(1)</sup>	Private placement
July 1, 2021	CIP Notes	A\$20,000	N/A	\$67.94 <sup>(1)</sup>	Private placement
June 30, 2021	CIP Shares	2,266	A\$48.55 <sup>(2)</sup>	N/A	Private placement
June 30, 2021	CIP Shares	4,488	A\$67.94 <sup>(2)</sup>	N/A	Private placement
June 30, 2021	CIP Shares	6,695	A\$67.94 <sup>(3)</sup>	N/A	Debt conversion
June 30, 2021	CIP Shares	6,764	A\$77.64 <sup>(2)</sup>	N/A	Private placement
September 8, 2021	CIP Shares	14,819 <sup>(4)</sup>	A\$0.01	N/A	Services
October 26, 2022	CIP Shares	7,004	A\$48.55 <sup>(2)</sup>	N/A	Private placement
October 26, 2022	CIP Shares	809	A\$67.94 <sup>(2)</sup>	N/A	Private placement
October 26, 2022	CIP Shares	2,046	A\$67.94 <sup>(3)</sup>	N/A	Debt conversion
October 26, 2022	CIP Shares	8,526	A\$77.64 <sup>(2)</sup>	N/A	Private placement
October 26, 2022	CIP Shares	2,437 <sup>(2)</sup>	A\$77.64	N/A	Services

**Notes:**

- (1) Between March 3, 2021, and July 1, 2021, CIP issued CIP Notes in the aggregate amount of A\$555,000 to certain subscribers. Pursuant to the CIP Notes, the amounts owing by CIP have been converted into an aggregate of 8,741 CIP Shares, which were exchanged for an aggregate of 2,915,597 Resulting Issuer on Closing. See "Information Concerning CIP - Description of Share Capital - CIP Shares".
- (2) CIP Shares issued in connection with the CIP Financing. See "Information Concerning CIP - Description of Share Capital - CIP Shares".
- (3) CIP Shares issued in connection with the conversion of the CIP Notes. See "Information Concerning CIP - Description of Share Capital - CIP Shares".
- (4) CIP Shares issued pursuant to the Actium Engagement Letter. See "Information Concerning the Acquisition - Actium Engagement".

## PRINCIPAL SECURITYHOLDERS

Other than as set out in the table below, immediately prior to the Closing, no person beneficially owned or exercised control or direction over CITP Shares carrying more than 10% of the votes attached to the CITP Shares.

Name	Designation of security	Quantity of securities	Percentage of CITP Shares immediately before the Closing <sup>(1)</sup>
Brenton Scott	CITP Shares	60,811 <sup>(2)</sup>	43.12% <sup>(3)</sup>
Andrew Hill	CITP Shares	21,295 <sup>(4)</sup>	15.10% <sup>(5)</sup>

**Notes:**

- (1) Based on 141,035 CITP Shares issued and outstanding immediately prior to the Closing, which includes CITP Shares issued immediately prior to Closing in connection with the conversion of the CITP Notes and the completion of the CITP Financing.
- (2) 36,266 of such CITP Shares are held by BT 2000 Capital Pty Ltd., a company of which Mr. Brenton Scott owns 100% of the issued and outstanding securities, and 24,545 of such CITP Shares are held by 23 XI, a company of which Mr. Brenton Scott owns 50% of the issued and outstanding securities and Mr. Scott's spouse owns 50% of the issued and outstanding securities. Mr. Scott is the sole director of 23 XI.
- (3) All such CITP Shares are held by RE Hughes & Associates Pty Ltd., a company of which Mr. Andrew Hill owns 100% of the issued and outstanding securities.

## DIRECTORS AND EXECUTIVE OFFICERS

### ***Name, Occupation and Security Holdings***

The table below sets out the names, state or province and country of residence, position, and principal occupations during the five preceding years of the directors and executive officers of CITP, before giving effect to the Board Reorganization, as well as the number of CITP Shares that each such director and executive officer beneficially owned, directly or indirectly, or exercised control over immediately before the Closing.

Director, role(s) and residence	Director since	Principal occupation (past 5 years)	CITP Shares owned	Percentage of CITP Shares <sup>(1)</sup>
Brenton Scott Director, Chief Executive Officer and Chief Financial Officer <i>Perth, Western Australia</i>	April 8, 2021	Chief Executive Officer, CITP (2019 – Present); Business Development Manager, Secure2Go Pty Ltd. (2016 – 2019)	60,811 <sup>(2)</sup>	43.12%
Andrew Hill Director and Chief Technology Officer <i>Perth, Western Australia</i>	January 18, 2022	Chief Technology Officer, CITP (2021 – 2022); General Manager, CommTel Pty Ltd. (2011 – 2020)	21,295 <sup>(3)</sup>	15.10%

**Notes:**

- (1) Based on 141,035 CITP Shares issued and outstanding immediately prior to the Closing, which includes CITP Shares issued immediately prior to Closing in connection with the conversion of the CITP Notes and the completion of the CITP Financing.
- (2) 36,266 of such CITP Shares are held by BT 2000 Capital Pty Ltd., a company of which Mr. Brenton Scott owns 100% of the issued and outstanding securities, and 24,545 of such CITP Shares are held by 23 XI, a company of which Mr. Brenton Scott owns 50% of the issued and outstanding securities and Mr. Scott's spouse owns 50% of the issued and outstanding securities. Mr. Scott is the sole director of 23 XI.
- (3) Such CITP Shares are held by RE Hughes & Associates Pty Ltd., a company of which Mr. Andrew Hill owns 100% of the issued and outstanding securities.

### ***Background – Directors and Executive Officers***

The following is a brief description of each of the directors and executive officers of CITP, including their names, ages, positions and responsibilities with CITP, relevant educational background, principal occupations or

employment during the five years preceding the date of this Prospectus, experience in CITP's industry and the amount of time intended to be devoted to the affairs of CITP:

**Brenton Scott, Director, Chief Executive Officer and Chief Financial Officer, Age: 55**

Brenton Scott has a Bachelor of Business from Curtin University with a major in Accounting and Economics and, having completed the professional year of the Institute of Chartered Accountants in Australia, Mr. Brenton Scott was admitted to membership on February 13, 1991.

Mr. Brenton Scott was previously a partner at Walker Wayland Chartered Accountants, where he worked from 1992 to 1998. Between 1998 and 2000, Mr. Brenton Scott was Managing Partner at Scott Partners Chartered Accountants. From 2001 to 2004, Mr. Brenton Scott was Chief Financial Officer of Electronic Banking Solutions Limited. Mr. Brenton Scott held the position of Chief Executive Officer of Mobilarm Limited from 2004 until 2008. He was the Director of Cruisers Yachts Australia Pty Ltd from 2008 to 2013 and a Business Development representative for Secure2Go Pty Ltd. from 2014 until 2019. Since October 2019, Mr. Brenton Scott has been the Chief Executive Officer of CITP.

Mr. Brenton Scott devotes 100% of his time to the affairs of CITP. Mr. Brenton Scott is an employee of CITP but has not entered into a non-competition and non-disclosure agreement with CITP. See "*Information Concerning CITP – Executive Compensation – Employment, Consulting and Management Agreements*".

**Andrew Hill, Director and Chief Technology Officer, Age: 60**

Mr. Andrew Hill holds a diploma in electronic engineering from Mount Lawley Technical College (now the North Metropolitan TAFE) and has more than 35 years of experience in research and development, product commercialisation and business management. Mr. Andrew Hill has held senior management positions including CTO of Mobilarm Limited from 2004 to 2010 and built a successful technology business targeting the resource and emergency service sectors as General Manager in CommTel Pty Ltd. from 2011 to 2020. Mr. Andrew Hill has extensive experience in production methodologies, project management, sales and product marketing within the resource and emergency services sectors.

Mr. Andrew Hill devotes 100% of his time to the affairs of CITP. Mr. Andrew Hill is an employee of CITP and has not entered into a non-competition and non-disclosure agreement with CITP. See "*Information Concerning CITP – Executive Compensation – Employment, Consulting and Management Agreements*".

***Corporate Cease Trade Orders and Bankruptcies***

No director or executive officer of CITP (nor any personal holding company of any such persons) is, as of the date hereof, or was within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including CITP), that: (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (any of which, an "**Order**"), and that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No director or executive officer of CITP (nor any personal holding company of any such persons), or shareholder of CITP holding a sufficient number of securities of CITP to affect materially the control of CITP: (i) is, as of the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including CITP) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or

instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

### ***Penalties or Sanction and Personal Bankruptcies***

No director or executive officer of CITP (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of CITP to affect materially the control of CITP, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Except as disclosed below, no existing or proposed director, executive officer or a shareholder holding a sufficient number of securities of CITP to affect materially the control of CITP has as of the date hereof, or within the ten years prior to the date hereof, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets.

Mr. Brenton Scott declared personal bankruptcy on April 5, 2018, under the *Bankruptcy Act 1966* (Commonwealth of Australia) and was subsequently discharged from his personal bankruptcy on April 6, 2021.

### ***Conflicts of Interest***

Other than as disclosed herein, there are no existing or potential material conflicts of interest among CITP and a current or prospective director or officer of CITP at the date of this Prospectus.

## **EXECUTIVE COMPENSATION**

### ***Director and Named Executive Officer Compensation, Excluding Compensation Securities***

The table below sets out the compensation to CITP's Named Executive Officers, being Brenton Scott (CEO) and Andrew Hill (CTO), for the financial years ended June 30, 2022, and June 30, 2021 and the period from incorporation on October 8, 2019, to June 30, 2020.

<b>Name and position</b>	<b>Year</b>	<b>Salary, consulting fee, retainer or commission</b>	<b>Bonus</b>	<b>Committee or meeting fees</b>	<b>Value of perquisites</b>	<b>Value of all other compensation</b>	<b>Total compensation</b>
Brenton Scott CEO	2022	A\$180,000	Nil	Nil	Nil	A\$18,000 <sup>(1)</sup>	A\$198,000
	2021	A\$90,000	Nil	Nil	Nil	A\$9,000 <sup>(1)</sup>	A\$99,000
	2020	Nil	Nil	Nil	Nil	Nil	Nil
Andrew Hill CTO	2022	A\$180,000	Nil	Nil	Nil	A\$18,000 <sup>(1)</sup>	A\$198,000
	2021	A\$90,000	Nil	Nil	Nil	A\$9,000 <sup>(1)</sup>	A\$99,000
	2020	Nil	Nil	Nil	Nil	Nil	Nil

**Note:**

(1) Other compensation is comprised of 10% compulsory superannuation under Australian law.

### ***Stock Options and Other Compensation Securities***

No option-based awards were issued during the period from incorporation on October 8, 2019, to June 30, 2022.

### ***Exercise of Compensation Securities by Directors and NEOs***

No director or Named Executive Officer of CITP has exercised any compensation securities.

### ***Equity Incentive Plan***

CITP does not have an equity incentive plan.

### ***Compensation to Associates***

No awards, earnings, payments or payables were made to any associates of named executives or directors of CITP.

### ***External Management Companies***

Other than as disclosed in "*Information Concerning CITP - Executive Compensation-Employment, Consulting and Management Agreements*", the Company has not entered into any agreement with any external management company that employs or retains one or more of the NEOs or directors and, other than as disclosed below, the Company has not entered into any understanding, arrangement or agreement with any external management company to provide executive management services to the Company, directly or indirectly, in respect of which any compensation was paid by the Company.

### ***Employment, Consulting and Management Agreements***

CITP entered into an employment agreement dated April 8, 2021, with Mr. Brenton Scott, to provide CEO related services, whereby CITP will pay Mr. Brenton Scott a base salary of \$180,000 per annum plus a 10% superannuation pursuant to Australian laws.

CITP entered into an employment agreement dated January 1, 2021, with Mr. Andrew Hill, to provide CTO related services, whereby CITP will pay Mr. Andrew Hill a base salary of \$180,000 per annum plus a 10% superannuation pursuant to Australian laws.

### ***Oversight and Description of Director and Named Executive Compensation***

The CITP Board determines the annual compensation of Named Executive Officers. Current market conditions, market compensation, and company finances are taken into account when determining compensation.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

### ***Aggregate Indebtedness***

Other than Routine Indebtedness, no directors, executive officers and employees, and no former directors, executive officers and employees of CITP, are or were indebted to CITP in connection with a purchase of securities and all other indebtedness as at the date of this Prospectus.

### ***Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs***

Other than Routine Indebtedness, no directors or executive officers of CITP, and associates of such directors or executive officers, are or were indebted to CITP as at the date of this Prospectus.

## AUDIT COMMITTEE

Before the Closing, the CITP Board was comprised of two directors and did not have a formal audit committee.

## PROMOTERS

Brenton Scott and Andrew Hill may be considered to be the promoters of CITP, as that term is defined in the *Securities Act* (British Columbia).

Mr. Scott beneficially owned, or controlled or directed, directly or indirectly, 60,811 CITP Shares, representing 43.12% of the CITP Shares immediately before the Closing. Mr. Hill beneficially owned, or controlled or directed, directly or indirectly, 21,295 CITP Shares, representing 15.10% of the CITP Shares immediately before the Closing.

CITP entered into employment agreements with each of Mr. Scott and Mr. Hill, to provide senior management related services, whereby CITP will pay each of Mr. Scott and Mr. Hill a base salary of \$180,000 per annum plus a 10% superannuation pursuant to Australian laws. See "*Information Concerning CITP – Executive Compensation – Employment, Consulting and Management Agreements*".

## RISK FACTORS

The business of CITP, which is now the business of the Resulting Issuer, is subject to a number of risks.

The following are certain risk factors relating to the business carried on by CITP which prospective investors should carefully consider before deciding whether to invest. CITP and the Resulting Issuer will face a number of challenges in the development of its business. Due to the nature of CITP, its business and present stage of development, CITP is subject to significant risks. Readers should carefully consider all such risks, including those set out in the discussion below.

Much of the information included in this Prospectus includes or is based upon estimates, projections or other forward-looking information. Such forward-looking information includes any projections or estimates made by CITP and its management in connection with its business operations. While this forward-looking information, and any assumptions upon which it is based, are made in good faith and reflect CITP's current judgment regarding the direction of CITP's business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Such estimates, projections or other forward-looking information involve various risks and uncertainties as outlined below and elsewhere in this Prospectus. CITP cautions readers of this Prospectus that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking information. See "*General Matters - Note Regarding Forward-Looking Information*".

In evaluating CITP, its business and any investment, readers should carefully consider the factors below.

### **General**

A purchase of any of the securities of CITP involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities of CITP should not constitute a major portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment. Prospective purchasers should evaluate carefully the following risk factors associated with an investment in the securities of CITP prior to purchasing any securities.

## ***Risks Relating to CITP***

### **Limited Operating History**

CITP has not yet generated income. CITP is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that CITP will be successful in achieving a return on shareholders' investment and likelihood of success must be considered in light of the early stage of operations.

### **Global Economic Risk**

CITP's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence commodity pricing and, consequently, impact CITP's sales and profitability. Any economic slowdown and downturn of global capital markets could make the raising of capital by equity or debt financing more difficult. Access to financing may be negatively impacted by global economic risks. These factors may impact CITP's ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to CITP. If uncertain market conditions exist, CITP's ability to raise capital could be jeopardized, which could have an adverse impact on CITP's operations and the price of CITP's securities.

### **COVID-19 Risk**

The business of CITP and the business of the customers of CITP could be significantly adversely affected by the effects of any widespread global outbreak of contagious disease. A significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn and disruption to mining activities that could affect demand for the services of CITP and likely impact operating results. In particular, the outbreak of COVID-19 has had a negative impact on global financial conditions. CITP cannot accurately predict the impact COVID-19 will have on their ability to remain open in response to government public health efforts to contain COVID-19 and to obtain financing, or on third parties' ability to meet their obligations to CITP, including due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In the event that the prevalence of the coronavirus continues to increase (or fears in respect of the coronavirus continue to increase), governments may increase regulations and restrictions regarding the flow of labour or products, and travel bans. Additionally, the operations, suppliers, customers and distribution channels of CITP, and the ability to advance their projects, could be adversely affected. In particular, should any employees or consultants of CITP become infected with COVID-19 or similar pathogens, it could have a material negative impact on operations and prospects.

### **Changing Economic Conditions**

The demand for products and services of CITP can be sensitive to commodity prices, and thus can be affected by changes in the economy, which can be difficult to predict and beyond the control of CITP. Unfavorable changes in general economic conditions, including recessions, economic slowdowns, sustained high levels of unemployment, and increasing fuel or transportation costs, or the perception by customers of weak or weakening economic conditions, may result in decreased sales to the affected commodity providers. As a result, CITP cannot ensure that demand for its products and services will remain constant. Adverse developments affecting economies throughout the world, including a general tightening of availability of credit, decreased liquidity in certain financial markets, increased interest rates, foreign exchange fluctuations, increased costs of supplies, acts of war or terrorism, transportation disruptions, natural disasters, declining consumer confidence, sustained high levels of unemployment or significant declines in stock markets, as well as concerns regarding epidemics and the spread of contagious diseases, could lead to a further reduction in demand, emergency service or other government spending. Any significant or prolonged decrease in corporate or government spending could adversely affect the demand for the products and services of CITP, reducing their cash flows and revenues. If CITP experiences a significant unexpected decrease in demand for its products and services, its business may be materially harmed.

## **Health, Safety and Environmental Risks**

The SDS product carries an inherent risk of liability related to worker health and safety and the environment, including the risk of failures in design, manufacture and operation, and potential civil liability. Compliance with health, safety and environmental laws (and any future changes to such laws) and the requirements of licences, permits and other approvals remain material to CITP's business. These laws, regulations and permits, and the enforcement and interpretation thereof, change frequently and generally have become more stringent over time. The SDS product may become subject to government orders, investigations, reviews, inquiries or other proceedings (including civil claims) relating to health, safety and environmental matters. Failure to comply with environmental, health and safety requirements may expose CITP to litigation, fines or other sanctions, including liquidated damages claims from operators. The occurrence of any of these events or any changes, additions to, stricter interpretations of, or more rigorous enforcement of, health, safety and environmental laws, licences, permits or other approvals, could have a significant impact on operations and/or result in additional material expenditures and costly compliance requirements, and ultimately affect CITP.

## **Economic Environment**

CITP's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence global markets and consequently, impact CITP's sales and profitability. As well, general demand for radio communications services cannot be predicted and future prospects of such areas might be different from those predicted by CITP's management.

The economic environment in the jurisdictions in which CITP operates and those in which CITP may operate in the future have at times experienced significant fluctuations that may affect the operations of CITP. In particular, the conflict between Russia and Ukraine and any restrictive actions that are or may be taken by Canada, the United States and other countries in response thereto, such as sanctions or export controls, could have negative implications on the economic environment. Accordingly, these factors, as well as other related factors, may cause fluctuations in demand for CITP's products.

## **Operational Risks**

CITP will be affected by a number of operational risks and CITP may not be adequately insured for certain risks, including costs associated with loss of client's productivity. There is no assurance that the foregoing risks and hazards will not result in personal injury or death, environmental damage, adverse impacts on CITP's operation, costs, monetary losses, potential legal liability and adverse governmental action, any of which could have an adverse impact on CITP's future cash flows, earnings and financial condition. Also, CITP may be subject to or affected by liability or sustain loss for certain risks and hazards against which CITP cannot insure or which CITP may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on CITP's future cash flows, earnings, results of operations and financial condition.

## **Financial Projections May Prove Materially Inaccurate or Incorrect**

CITP's financial estimates, projections and other forward-looking information herein were prepared by CITP without the benefit of reliable historical industry information or other information customarily used in preparing such estimates, projections and other forward-looking information. Such forward-looking information is based on assumptions of future events that may or may not occur, which assumptions may not be disclosed in such documents. Investors should inquire of CITP and become familiar with the assumptions underlying any estimates, projections or other forward-looking information. Projections are inherently subject to varying degrees of uncertainty and their achievability depends on the timing and probability of a complex series of future events.

There is no assurance that the assumptions upon which these projections are based will be realized. Actual results may differ materially from projected results for a number of reasons including increases in operational expenses, changes or shifts in regulatory rules, undiscovered and unanticipated adverse industry and economic conditions, and unanticipated competition. Accordingly, investors should not rely on any projections to indicate the actual results CITP and its subsidiaries might achieve.

## **Difficulty to Forecast**

CITP must rely largely on its own market research to forecast sales, as detailed forecasts are not generally obtainable from other sources at this early stage of the SDS category of products. A failure in the demand for its products and services to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations, and financial condition of CITP.

## **General Competition**

There is potential that CITP will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and marketing experience than CITP. Increased competition by larger and better-financed competitors could materially and adversely affect the business, financial condition, and results of operations of CITP. To remain competitive, CITP will require a continued high level of investment in research and development, marketing, sales, and client support.

## **Competition in Industry**

The industries within which CITP operates are rapidly evolving and intensely competitive, and are subject to changing technology, shifting user needs, and frequent introductions of new offerings. CITP's potential competitors include large and established companies as well as other start-up companies. Such competitors may spend more money and time on developing and testing products and services, undertake more extensive marketing campaigns, adopt more aggressive pricing or promotional policies or otherwise develop more commercially successful products or services than CITP, which could negatively impact its business. Furthermore, new competitors, whether licensed or not, may enter CITP's key product and/or geographic markets. There is no assurance that CITP will be able to maintain or grow its position in the marketplace.

As a result of the foregoing, among other factors, CITP will have to continually introduce and successfully market new and innovative technologies, product offerings and product enhancements to remain competitive and effectively stimulate customer demand, acceptance and engagement. The process of developing new product offerings and systems is inherently complex and uncertain, and new product offerings may not be well-received by customers, even if well-reviewed and of high quality. Furthermore, CITP may not recover the often substantial up-front costs of developing and marketing new technologies and product offerings, or recover the opportunity cost of diverting management and financial resources away from other technologies and product offerings. Additionally, if CITP cannot efficiently adapt its processes and infrastructure to meet the needs of its product offering innovations, its business could be negatively impacted.

## **Management of Growth**

CITP may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of CITP to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train, and manage its employee base. The inability of CITP to deal with this growth may have a material adverse effect on CITP's business, financial condition, results of operations and prospects.

## **Reliance on Management**

The success of CITP will be dependent upon the ability, expertise, judgment, discretion, and good faith of its key executives, including the directors and officers of CITP and a small number of highly skilled and experienced executives and personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on CITP's business, operating results, or financial condition. The competition for highly skilled technical, research and development, management and other employees is high and there can be no assurance that CITP will be able to engage or retain the services of such qualified personnel in the future.

## **Risks Relating to Insurance**

CITP intends to insure its operations in accordance with technology industry practice. However, such insurance may not be available, may be uneconomical for CITP, or the nature or level may be insufficient to provide adequate insurance cover. Further, CITP will not be insured against cyber-theft or hacking attacks. The occurrence of an event that is not covered or that is not fully covered by insurance could have a material adverse effect on CITP.

## **Risks Relating to New Products**

As part of CITP's ongoing business strategy, CITP expects that it will continue to introduce innovative new products in its product categories. The consumer acceptance of new product launches and sales may not be as high as CITP anticipates, whether as a result of lack of acceptance of the products themselves or their price, the strength of CITP's competitors or limited effectiveness of CITP's marketing strategies. Any introduction of new products may result in operational and financial constraints which could inhibit CITP's ability to successfully accomplish such introduction, and may also result in difficulties in manufacturing or packaging leading to lower than expected margins. In addition, CITP's ability to launch new products may be limited by delays or difficulties affecting the ability of its suppliers or manufacturers to manufacture, distribute and ship new products or displays for new products in a timely manner, as well as changes in regulatory requirements. Any of these occurrences could have a material adverse effect on CITP's business, financial condition and results of operations.

## **Risks Relating to Outstanding Loans**

CITP finances its growth strategy, including developments and acquisitions, through a combination of working capital and liquidity resources, including borrowings. Some of CITP's current loans provide that, upon an event of default, such credit facilities can become immediately due and payable. If an event of default occurs under the loans and a demand is made for CITP to repay the loans, or if a demand is made for CITP to repay its borrowings, CITP may not have sufficient funds available to repay amounts outstanding, which may result in the lender pursuing remedies generally available to secured lenders, any of which could have a material adverse effect on CITP's ability to continue operations.

## ***Risks Related to Regulation***

### **Changes in Legislation, Regulation and Government Policies**

The business of CITP is subject to the applicable legislative, regulatory and policy regime in place for the telecommunication sector, along with the sectors CITP's anticipated customers operate in, being the mining, emergency service and defence sectors. As such, CITP's business generally is susceptible to significant delays, changes or anticipated changes or adverse regulatory occurrences affecting these sectors, or government incentives which may favour competitors. In most jurisdictions, once the government implements specific policies or incentives either supporting a specific company or the sector as a whole, such policies or incentives are generally applicable for a specified period of time. However, governments may modify their tax, tariff, or incentive regimes, and the future availability of any policies or incentives that increase demand, either in current jurisdictions beyond the prescribed timeframes or in new jurisdictions, is uncertain. Any changes in the regulatory frameworks governing the mining, emergency service and defence sectors could have a material adverse effect on CITP's profitability, results of operation and financial condition.

### **Regulatory Investigations**

From time to time, CITP may receive formal and informal inquiries from government authorities and regulators, including securities authorities and tax authorities, regarding its compliance with laws and other matters. Violation of existing or future regulatory orders or consent decrees could subject CITP to substantial monetary fines and other penalties that could negatively affect its financial condition and results of operations. In addition, it is possible that future orders issued by, or inquiries or enforcement actions initiated by, government or regulatory authorities could cause CITP to incur substantial costs, expose it to unanticipated civil and criminal liability or penalties, or require it to change its business practices in a manner materially adverse to its business.

## **Determination of Ineligible for Tax Rebate**

CITP currently anticipates receiving tax rebates, including the R&D Rebate, in connection with its expenditures relating to the research and development of SDSs. However, in the event the tax authorities of Australia determine that CITP is not eligible for such tax rebates, CITP's cash flows may not be sufficient to fund its ongoing activities, including the repayment of certain outstanding loans, such as the Radium Loan and/or the loan from Foresense Ltd., and/or expansion projects. At all times and from time to time, CITP may require additional financing in order to carry out its current business and/or its proposed growth strategy.

## ***Risks Related to the Industry***

### **Dependence on Suppliers**

CITP's ability to compete and expand will be dependent on having access, at a reasonable cost, to high quality equipment, parts and components, and related maintenance services provided by reliable counterparties that are technologically and economically competitive with those utilized by CITP's competitors. There can be no assurance that CITP will have adequate resources or skilled personnel required to properly serve necessary operations and maintenance functions on an in-house basis. Accordingly, there can be no assurance that the operations of CITP's counterparties will continue to be viable. Continued financial instability and bankruptcies of suppliers and customers may limit the range of choice CITP has when selecting its counterparties, increase its costs due to lessened competition resulting from market exits, result in events of default under certain project-level credit facilities and expose CITP to uncertainty relating to coverage under the warranties provided by affected counterparties for their equipment and services. These factors, or a failure to receive compensation under warranty claims in a timely manner or at all due to the financial instability of CITP's suppliers, could have a material adverse effect on CITP's results of operations, financial condition and growth prospects.

### **Equipment Failure**

CITP's projects are subject to the risk of equipment failure due to deterioration of assets from use or age, latent defect and design or operator error, among other things. To the extent that CITP's equipment requires longer-than-forecast down times for maintenance and repair, or suffers disruptions of service for other reasons, CITP's business, operating results, financial condition or prospects could be adversely affected.

### **Dependence on Skilled Labour**

The ability of CITP to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that CITP will be successful in maintaining its required supply of skilled labour, equipment, parts and components.

### **Evolving Industries**

The industries in which CITP operates are relatively new and continue to evolve. CITP's future revenue and expectations regarding the growth of its market are somewhat dependent on the advancement of technology and could be impacted by changes and advancements in technology. To the extent that technological advancements are delayed or fail to function as expected, CITP's assumptions about its future revenue and operations could be adversely affected. There is also no assurance that CITP will be able to respond effectively to technological advancements, which could have an adverse impact on CITP's revenue and operations.

### **Negative Public Response**

Negative public or community response to projects undertaken by CITP or its industry participants could adversely affect CITP's ability to supply and operate CITP's projects. Opposition to CITP's requests for permits or successful challenges or appeals to permits issued to it could lead to legal, public relations and other drawbacks and costs that

impede CITP's ability to meet its growth targets, achieve commercial operations for a project on schedule and generate revenues.

### **Requirements for Further Financing**

CITP may need to obtain further financing, whether through debt financing, equity financing or other means. CITP must obtain such financing through a combination of equity and debt financing and there can be no assurance that CITP can raise the required capital it needs to build and expand its current operations, nor that the capital markets will fund the business of CITP. Without this additional financing, CITP may be unable to achieve positive cash flow and earnings as quickly as anticipated. There can be no certainty that CITP can obtain these funds, in which case any investment in CITP may be lost.

### **Litigation**

CITP may be subject to litigation claims through the ordinary course of its business operations or otherwise, regarding, among other things, employment matters, tax matters, security of customer and employee personal information, third-party contracts, marketing, intellectual property right infringement, its current and former operations and the operations of businesses it acquired or may acquire in the future prior to their respective acquisitions. Litigation to defend CITP against claims by third parties, or to enforce any rights that it may have against third parties, may be necessary, which could result in substantial costs and diversion of its resources, causing a material adverse effect on its business, financial condition and results of operations. Given the nature of CITP's business, it is, and may from time to time in the future be, party to various, and at times numerous, legal, administrative and regulatory inquiries, investigations, proceedings and claims that arise in the ordinary course of business, as well as potential class action lawsuits. Because the outcome of such legal matters is inherently uncertain, if one or more of such legal matters were to be resolved against CITP for amounts in excess of management's expectations or any applicable insurance coverage or indemnification right, or if such legal matters result in decrees or orders preventing it from offering certain features, functionalities, products or services, or requires that it changes its development process or other business practices, its results of operations and financial condition could be materially adversely affected. Any litigation to which CITP may be a party may result in an onerous or unfavorable judgment that may not be reversed upon appeal, or in payments of substantial monetary damages or fines, the posting of bonds requiring significant collateral, letters of credit, or similar instruments.

### **Conflicts of Interest**

Certain of the directors and officers of CITP are, or may become, directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of CITP and as officers and directors of such other companies.

### **Intellectual Property Risk**

If the registration and enforcement policies regarding CITP's intellectual property are inadequate to deter unauthorized use or appropriation by third parties, the value of CITP's brands and other intangible assets may be diminished and competitors may be able to more effectively mimic its brands, products, services and methods of operations. Such events could adversely affect CITP's business and financial results. At the same time, CITP has to be mindful of how it will be perceived by its customers and potential customers if it deploys an unduly strict enforcement policy; an overly aggressive position may deter its customers from supporting the brands and therefore damage not only the brands' reputation in the marketplace but also negatively impact financial results.

Moreover, due to the differences in foreign patent, trademark, copyright and other laws concerning proprietary rights, CITP's intellectual property may not receive the same degree of protection in each jurisdiction where it operates. CITP's failure to possess, obtain or maintain adequate protection of its intellectual property rights for any reason in these jurisdictions could have a material adverse effect on its business, results of operations and financial condition.

Furthermore, infringement and other intellectual property claims, with or without merit, can be expensive and time-consuming to litigate, and CITP may not have the financial and human resources to defend itself against any

infringement suits that may be brought against it. Litigation can also distract management from day-to-day operations of the business.

In addition, CITP's future success may depend upon its ability to obtain licenses to use new marks and its ability to retain or expand existing licenses for certain products. If CITP is unable to obtain new licenses or renew or expand existing licenses, it may be required to discontinue or limit its use of such products that use the licensed marks, and its financial condition, operating results or prospects may be harmed.

CITP may also infringe other intellectual property rights belonging to third parties, such as trademarks, copyrights and confidential information. The infringement of trademarks, copyrights and confidential information involve complex legal and factual issues and CITP's products, branding or associated marketing materials may be found to have infringed existing third-party rights. When any third-party infringement occurs, CITP may be required to stop using the infringing intellectual property rights, pay damages and, if it wishes to keep using the third-party intellectual property, purchase a license or otherwise redesign the product, branding or associated marketing materials to avoid further infringement. Such a license may not be available or may require CITP to pay substantial royalties.

If CITP fails to adapt and respond effectively to rapidly changing technology, evolving industry standards and changing customer needs or requirements, its technology, such as its platforms and offerings, may become less competitive or obsolete.

CITP's future success depends on its ability to adapt and enhance its suite of technology and software, such as its platforms, as well as its product offerings. To attract new customers, CITP will need to enhance and improve its platforms, product offerings, features and enhancements to meet customer needs at competitive prices. Such efforts will require adding new functionality and responding to technological advancements or disruptive technologies, such as artificial intelligence, which will increase CITP's research and development costs. If CITP is unable to develop technology and products that address customers' needs, or enhance and improve its platforms and product offerings in a timely manner, that could have a material adverse effect on its business, revenues, operating results and financial condition. CITP's ability to grow is also subject to the risk of future disruptive technologies. If new and/or disruptive technologies emerge, such technologies could adversely affect CITP's ability to compete.

#### **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

CITP is not a party to any legal proceeding nor was it a party to, nor is or was any of its property the subject of any legal proceeding, from June 30, 2022, to the date of this Prospectus.

From June 30, 2022, to the date of this Prospectus, there were no: (i) penalties or sanctions imposed against CITP by a court relating to securities legislation or by a securities regulatory authority; (ii) penalties or sanctions imposed by a court or regulatory body against CITP that would likely be considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements CITP entered into before a court relating to securities legislation or with a securities regulatory authority.

#### **INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

There are no material interests, direct or indirect, of directors, senior officers, any person holding more than 10% of the CITP Shares, or any known associates or affiliates of such persons, in any transaction within the three most recently completed financial years or during the current financial year, or in any proposed transaction which has materially affected or is reasonably expected to materially affect CITP.

## INFORMATION CONCERNING THE ACQUISITION

### ACQUISITION OF CITP BY THE COMPANY

The Company, CITP and the CITP Shareholders entered into the Share Purchase Agreement on December 14, 2021, and the Acquisition was completed on February 13, 2023. Pursuant to the SPA, the Company agreed to purchase and the CITP Shareholders agreed to sell 100% of the issued and outstanding CITP Shares. As consideration for the sale of the CITP Shares, the Company issued to (a) the CITP Securityholder Vendors, an aggregate of 38,468,054 Company Shares at a deemed price per share of \$0.30, and (b) the CITP Financing Vendors in respect of CITP Shares to be issued to them immediately prior to the Closing, 9,667,345 Company Shares at a deemed price per share of \$0.30.

The conditions precedent to the Closing included the following, among others:

- the Resulting Issuer Shares to be issued to CITP Shareholders pursuant to the SPA shall be exempt from the prospectus and registration requirements under applicable securities laws;
- each CITP Note will have converted into CITP Shares in accordance with the SPA;
- each CITP Financing Vendor will have executed an accession agreement to the SPA;
- immediately prior to the Closing, the CITP Shareholders will own 100% of the CITP Shares;
- the Company shall have received clearance from the BCSC to file a final long form prospectus;
- there will have been no change in the nature, conduct, assets, position (financial or trading), profits or prospects of the business of CITP or the Company that would result in a material adverse effect, and no contract license or financial agreement that is material to either business will have been terminated or had its terms materially and adversely amended; and
- the Company shall have completed one or more private placement offerings of Company Shares (or securities convertible into, or exercisable for the purchase of, Company Shares) such that the aggregate gross proceeds received from all private placements completed by the Company is a minimum of \$1,400,000, and that the final such private placement offering conducted by the Company shall have a deemed price per Company Share of a minimum of \$0.30 (the "**Company Financing Condition**").

As a result of the Closing, CITP is a wholly-owned subsidiary of the Resulting Issuer, and the Company and CITP intend for the business of CITP, as described in this Prospectus, to be the business of the Resulting Issuer. See "*Information Concerning CITP - Business of CITP*".

Certain Resulting Issuer Shares issued in connection with the Acquisition are subject to a contractual escrow, with 25% of the Resulting Issuer Shares issued to the holders of the CITP Notes to be released every four months starting on the six month anniversary of the Closing, and 20% of the Resulting Issuer Shares issued to the CITP Securityholder Vendors (other than the holders of the CITP Notes) to be released every six months starting on the 12 month anniversary of the Closing. The Resulting Issuer Shares issued to the CITP Financing Vendors will not be subject to any contractual escrow. All Resulting Issuer Shares issued as consideration for the CITP Shares will be subject to resale restrictions in accordance with National Instrument 45-102 – *Resale of Securities*. See "*Information Concerning the Resulting Issuer - Escrowed Securities and Other Securities Subject to Resale Restrictions*".

Pursuant to the SPA, on Closing, the Resulting Issuer entered into consulting agreements (the "**Management Consulting Agreements**") for the provision of certain advisory services, including the personal services of certain individuals, with BT 2000 Capital Pty Ltd., a company of which Mr. Brenton Scott owns 100% of the issued and outstanding securities, RE Hughes & Associates Pty Ltd., a company of which Mr. Andrew Hill owns 100% of the issued and outstanding securities, and Imants Kins (the "**Management Consultants**").

The Management Consulting Agreements, other than the Management Consulting Agreement between the Resulting Issuer and Mr. Kins, have initial terms of 48 months, which will automatically renew for consecutive periods of 12 months unless the Management Consulting Agreements are terminated pursuant to their terms. The Management Consulting Agreement between the Resulting Issuer and Mr. Kins commences on the date of such agreement and terminates on the earlier of (a) the 48 month anniversary of the date of such agreement, and (b) the date Mr. Kins ceases to be a director of the Resulting Issuer. The Resulting Issuer may at any time during the term of a Management Consulting Agreement terminate it for cause, which includes: (i) if the Management Consultant fails or refuses, repeatedly, to comply in any material respect with the reasonable policies, standards or regulations of the Resulting Issuer established from time to time in writing and in accordance with the Management Consulting Agreement; (ii) if the Management Consultant fails to perform, in any material respect, its duties as determined by the Resulting Issuer in accordance with the Management Consulting Agreement and consistent with the customary duties of the Management Consultant's engagement; (iii) if the Management Consultant conducts itself in a wilfully dishonest, or an unethical or fraudulent, manner that materially discredits the Resulting Issuer or is materially detrimental to the reputation, character or standing of the Resulting Issuer; or (iv) if the Management Consultant conducts any unlawful or criminal activity that materially discredits the Resulting Issuer or is materially detrimental to the reputation, character or standing of the Resulting Issuer. The Resulting Issuer or the Management Consultants may terminate the Management Consulting Agreement without cause by advance written notice to the other party. The Management Consulting Agreements contain a confidentiality provision prohibiting the disclosure of any information concerning the organization, business, finances, transactions or other affairs of the Resulting Issuer that may come to the consultant's knowledge during the term of his engagement, and continue indefinitely until the information comes into public domain (the "**MCA Confidentiality Provision**").

Pursuant to the Management Consulting Agreements, upon the achievement of certain performance based milestones, such parties will be entitled to receive up to an aggregate of 37,119,080 Resulting Issuer Shares (the "**Performance Shares**"), with each such Performance Share having a deemed price of \$0.30. The performance based milestones and the Performance Shares issuable upon achievement of such milestones are set out in the table below.

<b>Consultant</b>	<b>Number of Performance Shares</b>	<b>Milestone</b>
BT 2000 Capital Pty Ltd. <sup>(1)</sup>	5,284,018	1
	5,284,018	2
	5,284,018	3
	5,284,018	4
	5,284,018	5
<b>Subtotal</b>	<b>26,420,090</b>	
RE Hughes & Associates Pty Ltd. <sup>(2)</sup>	1,839,798	1
	1,839,798	2
	1,839,798	3
	1,839,798	4
	1,839,798	5
<b>Subtotal</b>	<b>9,198,990</b>	
Imants Kins	500,000	1
	500,000	2
	500,000	3
<b>Subtotal</b>	<b>1,500,000</b>	
<b>Total</b>	<b>37,119,080</b>	

**Notes:**

- (1) BT 2000 Capital Pty Ltd. is a company of which Mr. Brenton Scott, the Chief Executive Officer and a director of CITP, owns 100% of the issued and outstanding securities.
- (2) RE Hughes & Associates Pty Ltd. is a company of which Mr. Andrew Hill, the Chief Technology Officer and a director of CITP, owns 100% of the issued and outstanding securities.

**Milestones:**

1. The Resulting Issuer achieving (a) 10 outright sales of SDSs at a minimum price of A\$600,000 for each SDS, (b) A\$6,000,000 in revenue or (c) 10 lease contracts for a minimum of 36 months at A\$20,000 per month, by no later than March 31, 2024.

2. The Resulting Issuer achieving (a) 25 outright sales of SDSs at a minimum price of A\$600,000 for each SDS, (b) A\$15,000,000 in revenue or (c) 24 lease contracts for a minimum of 36 months at A\$20,000 per month, by no later than September 30, 2024.
3. The Resulting Issuer achieving (a) 50 outright sales of SDSs at a minimum price of A\$600,000 for each SDS, (b) A\$30,000,000 in revenue or (c) 50 lease contracts for a minimum of 36 months at A\$20,000 per month, by no later than March 31, 2025.
4. The Resulting Issuer achieving (a) 80 outright sales of SDSs at a minimum price of A\$600,000 for each SDS, (b) A\$48,000,000 in revenue or (c) 80 lease contracts for a minimum of 36 months at A\$20,000 per month, by no later than March 31, 2026.
5. The Resulting Issuer achieving (a) 100 outright sales of SDSs at a minimum price of A\$600,000 for each SDS, (b) A\$60,000,000 in revenue or (c) 100 lease contracts for a minimum of 36 months at A\$20,000 per month, by no later than March 31, 2027.

Pursuant to the SPA and the Actium Engagement Letter, on Closing, the Company also entered into consulting agreements (the "**Non-Management Consulting Agreements**") with service providers for which Actium acts as the management entity (the "**Non-Management Consultants**") in relation to the provision of certain advisory services, being Late Afternoon Investments Pty Ltd., G&G Capital Pty Ltd., Mancot Equities Pty Ltd., and Malbec Pte Ltd.

The Non-Management Consulting Agreements have initial terms of 36 months, each of which will automatically renew for consecutive periods of 12 months unless such Non-Management Consulting Agreement is terminated pursuant to its terms. The Resulting Issuer may, at any time during the term of a Non-Management Consulting Agreement, terminate it for cause, which includes: (i) if the Non-Management Consultant fails or refuses, repeatedly, to comply in any material respect with the reasonable policies, standards or regulations of the Resulting Issuer established from time to time in writing and in accordance with the Non-Management Consulting Agreement; (ii) if the Non-Management Consultant fails to perform, in any material respect, its duties as determined by the Resulting Issuer in accordance with the Non-Management Consulting Agreement and consistent with the customary duties of the Non-Management Consultant's engagement; (iii) if the Non-Management Consultant conducts itself in a wilfully dishonest, or an unethical or fraudulent, manner that materially discredits the Resulting Issuer or is materially detrimental to the reputation, character or standing of the Resulting Issuer; or (iv) if the Non-Management Consultant conducts any unlawful or criminal activity that materially discredits the Resulting Issuer or is materially detrimental to the reputation, character or standing of the Resulting Issuer. The Resulting Issuer or the Non-Management Consultants may terminate the Non-Management Consulting Agreement without cause by advance written notice to the other party.

Pursuant to the Non-Management Consulting Agreements, such parties received Resulting Issuer Warrants (the "**Non-Management Consulting Warrants**") as set out in the table below.

<b>Consultant<sup>(1)</sup></b>	<b>Number of Non-Management Consulting Warrants</b>
Actium	555,801
Late Afternoon Investments Pty Ltd. <sup>(2)</sup>	867,049
G&G Capital Pty Ltd. <sup>(2)</sup>	778,121
Mancot Equities Pty Ltd. <sup>(2)</sup>	578,033
Malbec Pte Ltd. <sup>(2)</sup>	490,412
<b>Total</b>	<b>3,269,416</b>

**Notes:**

(1) Each consultant is an arm's length third party to CITP.

(2) A service provider for which Actium acts as the management entity.

The Non-Management Consulting Warrants are subject to vesting, with 20% of the Non-Management Consulting Warrants vesting every 6 months, starting from the 12 month anniversary of the closing date of the Acquisition. Subject to vesting, each Non-Management Consulting Warrant will be exercisable for a period of 36 months from the date of issuance thereof, to acquire one Resulting Issuer Share at an exercise price of \$0.30.

On December 17, 2021, the Company provided CITP a loan in the aggregate amount of \$50,000 (the "**2021 Loan**"). The 2021 Loan will not accrue interest prior to the maturity date, being December 17, 2022. If the 2021 Loan is not

repaid on or prior to its maturity date, then it shall accrue interest at a rate of 10% per annum until it is repaid in full. If any payment of interest is not paid within two days of the payment's due date, the Company may, in its sole discretion, capitalise the outstanding interest and add it to the principal amount that is outstanding at that time.

On March 31, 2022, the Company provided CITP with an additional loan in the aggregate amount of \$150,000 (the "**2022 Loan**"). The 2022 Loan matures on July 31, 2023, and has the same terms and conditions as the 2021 Loan. On February 2, 2023, the Company provided CITP with an additional loan in the aggregate amount of \$100,000 (the "**2023 Loan**"). The 2023 Loan matures on July 31, 2023, and has the same terms and conditions as the 2021 Loan and 2022 Loan. On Closing, such loans formed an intercompany loan between the Resulting Issuer and CITP, as a subsidiary of the Resulting Issuer.

## ALKE AGREEMENT

On April 30, 2022, the Company and Alke entered into an arm's length transaction with Alke pursuant to the Alke Agreement. Pursuant to the Alke Agreement, Alke will (a) provide certain advisory services to the Company ("**Alke Advisory Services**"), and (b) make available to the Company an equity drawdown facility in the aggregate amount of up to \$5,000,000 (the "**Funding Commitment**"). The following summary of the Alke Agreement is a summary of certain key terms of the Alke Agreement, does not purport to provide an overview of all terms, and is qualified in its entirety by the Alke Agreement, a copy of which is available for review under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Readers should review the Alke Agreement in its entirety for a better understanding of the Alke Agreement.

The Funding Commitment is for an aggregate amount of up to \$5,000,000 and a term of three years. In addition, the Company may use the Funding Commitment as security, with the consent of Alke, to secure additional financing avenues if it so chooses. Upon Listing and assuming the satisfaction of other condition precedents as stated in the Alke Agreement (the "**Alke Condition Precedents**"), the Company can immediately start drawing down funds from the Funding Commitment, assuming that there is sufficient trading volume in the Resulting Issuer Shares on the CSE (the "**Trading Volume**"), during the three-year term at the Company's discretion by providing a notice to Alke (an "**Alke Drawdown Notice**"). For additional information regarding the requirement of sufficiency of trading volume, please see the tables below.

The Alke Condition Precedents include, but are not limited to the following: (a) the issuance of any Resulting Issuer Share will not require the Resulting Issuer to obtain the approval of the shareholders of the Resulting Issuer, (b) no inquiry, investigation or other proceedings have been commenced, announced or threatened, no order has been issued by any governmental or regulatory organization or stock exchange, and there has been no change of law or policy, or the interpretation or administration thereof, which operates or could operate to prevent, suspend, hinder, delay, restrict or otherwise have a significant adverse effect on the transactions contemplated by the Alke Agreement, or which could have a material adverse effect on Alke, (c) the Resulting Issuer must have received all required approvals in connection with any Alke Private Placement, (d) the distribution of Resulting Issuer Shares to Alke must qualify for an exemption from the prospectus requirements of applicable securities laws, (e) the representations and warranties contained in the Alke Agreement must be true and correct in all material respect, (f) the Resulting Issuer must have performed, satisfied and complied in all material respects with the covenants, obligations, agreements and conditions required by the Alke Agreement, (g) the Resulting Issuer must have made all requisite filings and disclosures pursuant to the policies of the CSE and applicable securities laws, and have not received any objections from the CSE, (h) if required, the Resulting Issuer must have received pricing approval from the CSE, (i) the Alke Drawdown Notice cannot result in Alke being required to file any report or filing in any jurisdictions under any applicable securities laws, (j) the Resulting Issuer Shares issued to Alke pursuant to an Alke Private Placement must be free trading, (k) the 9.9% Threshold must not be met, (l) the Resulting Issuer Shares have not been suspended or threatened to be suspended by the CSE on and during the 20 trading days prior to the Alke Drawdown Notice, (m) there is no change between the effective date of the Alke Agreement and each closing date of the Alke Private Placement that could result in a material adverse effect in any material aspect of the holding or disposal of the Resulting Issuer Shares, (n) there shall have been no reasonable allegation of fraud or failure to comply with applicable securities laws and CSE policies committed by, or on the part of, the Resulting Issuer, its officers, directors or shareholders and affiliates or their respective officers or directors; (o) no material adverse event has occurred or is reasonably expected to occur, (p) the maximum drawdown on the Funding Commitment has not

been reached, and (q) there is no material information relating to the Resulting Issuer that has not been publicly disclosed.

The Company may issue as many Alke Drawdown Notices as it may elect during the three-year term, provided that after delivery of such notice, the Company may not, without the prior consent of Alke, deliver a further Alke Drawdown Notice until the expiry of a period of five trading days from the last day of the Alke Pricing Period relating to the Alke Drawdown Notice that has already been delivered.

**As of the date of this Prospectus, the Company has not yet satisfied the Alke Condition Precedents and is not yet listed; so it does not meet the Trading Volume requirement, and, as such, the Company has not issued an Alke Drawdown Notice. There is no guarantee that the Resulting Issuer will ever satisfy the Alke Condition Precedents or will ever be able to access the Funding Commitment. See "Information Concerning the Resulting Issuer - Risk Factors".**

In return for each Alke Drawdown Notice funded by Alke, the Resulting Issuer will allot and issue fully paid Resulting Issuer Shares to Alke (each, an "**Alke Private Placement**"). There is no obligation to repay each Alke Drawdown Notice funded by Alke in cash. The Resulting Issuer Shares issued in connection with any Alke Private Placement will be priced at the greater of (a) 85% of the average closing bid price resulting from the following ten days of trading after the Alke Drawdown Notice ("**Alke Pricing Period**"), which is calculated by dividing the sum of the closing bid prices on each of the trading days during the Alke Pricing Period by the number of trading days in such period, and (b) the minimum price permitted by the policies of the CSE on the applicable drawdown date (the "**Alke Subscription Price**"). The Alke Drawdown Notice amount requested by the Company cannot exceed 500% of the average daily trading volume of the Alke Pricing Period (the "**500% Threshold**"). Under the terms of the Alke Agreement, the Funding Commitment is limited to the extent that the issuance of Resulting Issuer Shares pursuant to a Drawdown Notice cannot result in Alke holding in excess of 9.9% of the outstanding Resulting Issuer Shares at the time of issuance (the "**9.9% Threshold**").

**There is no guarantee that the Resulting Issuer will have sufficient Trading Volume to allow for the Funding Commitment to be drawn down as needed or at all. See "Information Concerning the Resulting Issuer - Risk Factors - Alke Agreement".**

The following table is a model calculation with respect to the maximum drawdown amount assuming that (a) the Company delivers an Alke Drawdown Notice for an amount equal to the 500% Threshold, (b) the 9.9% Threshold is not met, and (c) Alke will not exercise and has not exercised its Participation Right, based on the Alke Subscription Price and an Alke Drawdown Notice amount equal to the 500% Threshold:

Maximum Drawdown Amount Every 5 Days Sensitivity						
Alke Subscription Price	500% Threshold					
		10,000	25,000	50,000	75,000	100,000
\$0.10	\$ 1,000.00	\$ 2,500.00	\$ 5,000.00	\$ 7,500.00	\$ 10,000.00	
\$0.20	\$ 2,000.00	\$ 5,000.00	\$ 10,000.00	\$ 15,000.00	\$ 20,000.00	
\$0.30	\$ 3,000.00	\$ 7,500.00	\$ 15,000.00	\$ 22,500.00	\$ 30,000.00	
\$0.40	\$ 4,000.00	\$ 10,000.00	\$ 20,000.00	\$ 30,000.00	\$ 40,000.00	
\$0.50	\$ 5,000.00	\$ 12,500.00	\$ 25,000.00	\$ 37,500.00	\$ 50,000.00	
\$0.60	\$ 6,000.00	\$ 15,000.00	\$ 30,000.00	\$ 45,000.00	\$ 60,000.00	
\$0.70	\$ 7,000.00	\$ 17,500.00	\$ 35,000.00	\$ 52,500.00	\$ 70,000.00	
\$0.80	\$ 8,000.00	\$ 20,000.00	\$ 40,000.00	\$ 60,000.00	\$ 80,000.00	

For example, based on an Alke Subscription Price of \$0.40 and assuming (i) the 500% Threshold is equal to 50,000 Company Shares, and (ii) Alke holds less than 9.9% of the issued and outstanding Company Shares as of the date of the Alke Drawdown Notice, the Company can deliver an Alke Drawdown Notice for a maximum drawdown amount of \$20,000. Assuming acceptance of the Alke Drawdown Notice, the Company is anticipated to receive \$20,000 in proceeds and issue to Alke 50,000 Company Shares.

The following table is a model calculation with respect to the total lifetime drawdown amount assuming that (a) the Company has 83,147,899 Company Shares issued and outstanding on the date of the Alke Drawdown Notice, (b) Alke holds 4,850,000 Company Shares on the date of the Alke Drawdown Notice, and (c) Alke will not exercise and has not exercised its Participation Right, based on the aggregate Alke Subscription Price and assuming additional Resulting Issuer Shares are issued from time to time:

Total Lifetime Drawdown Amount Sensitivity						
Average Alke Subscription Price	Additional Shares issued from time to time					
		-	5,000,000	20,000,000	35,000,000	50,000,000
\$0.10	\$ 428,611.76	\$ 483,550.72	\$ 648,367.59	\$ 813,184.46	\$ 978,001.33	
\$0.20	\$ 857,223.53	\$ 967,101.44	\$ 1,296,735.18	\$ 1,626,368.92	\$ 1,956,002.66	
\$0.30	\$ 1,285,835.29	\$ 1,450,652.16	\$ 1,945,102.78	\$ 2,439,553.39	\$ 2,934,004.00	
\$0.40	\$ 1,714,447.06	\$ 1,934,202.89	\$ 2,593,470.37	\$ 3,252,737.85	\$ 3,912,005.33	
\$0.50	\$ 2,143,058.82	\$ 2,417,753.61	\$ 3,241,837.96	\$ 4,065,922.31	\$ 4,890,006.66	
\$0.60	\$ 2,571,670.59	\$ 2,901,304.33	\$ 3,890,205.55	\$ 4,879,106.77	\$ 5,000,000.00	
\$0.70	\$ 3,000,282.35	\$ 3,384,855.05	\$ 4,538,573.14	\$ 5,000,000.00	\$ 5,000,000.00	
\$0.80	\$ 3,428,894.12	\$ 3,868,405.77	\$ 5,000,000.00	\$ 5,000,000.00	\$ 5,000,000.00	

For example, based on an aggregate Alke Subscription Price of \$0.40 and assuming (i) 20,000,000 additional Company Shares are issued resulting in the Company having 103,147,899 Company Shares issued and outstanding at the end of the term of the Funding Commitment, and (ii) Alke holds 4,850,000 Company Shares on the date of the Alke Drawdown Notice, the total lifetime drawdown amount of the Funding Commitment is anticipated to equal \$2,593,470.37.

The trading volume and trading prices in the model calculations above are used in an illustrative capacity to show possible scenarios and are not indicative of future trading prices or volume. There is no guarantee that the Resulting Issuer will achieve such trading volumes or trading prices at any time or will be otherwise able to access the Funding Commitment at any time. See "*Information Concerning the Resulting Issuer - Risk Factors*".

Furthermore, the Company has been advised that Alke has provided similar funding commitments to two other companies, each in the amount of \$5,000,000, for an aggregate commitment amount of \$15,000,000 (inclusive of the Funding Commitment). Alke has represented to the Company that: (a) it has sufficient resources to satisfy its obligations under each acceptance notice delivered by Alke in accordance with the terms of the Alke Agreement, (b) as of December 16, 2022, Alke has over \$5,000,000 in net assets, and (c) if Alke lacks liquidity to fund the obligations under an acceptance notice, then Alke has access to various sources of capital to ensure performance of its obligations under the Alke Agreement. **However, as of the date of this Prospectus, the Company was not able to independently verify Alke's representations and financial abilities.**

**In the event that the Resulting Issuer is unable to draw down on the Funding Commitment as required, the Resulting Issuer may require additional financing in order to carry out its current business and/or its proposed growth strategy. As a result of intense competition, governmental regulation as well as global economic volatility, the Resulting Issuer may, from time to time, have restricted access to capital and increased borrowing costs. Failure to obtain any required financing on a timely basis could cause the Resulting Issuer to fail to execute its proposed growth strategy, continue to develop its business, or satisfy the demands of its customers, and ultimately reduce or terminate its operations. See "*Information Concerning the Resulting Issuer - Risk Factors*".**

The Alke Advisory Services include advisory services with respect to (a) general corporate and public company matters; (b) identifying strategic investment opportunities for the Company; (c) identifying business development opportunities; (d) identifying, negotiating and completing strategic mergers and acquisitions for the Company; and (e) such other services as agreed to by the Company and Alke in writing from time-to-time. The Alke Advisory Services provided by Alke, including compensation related to any specific services to the Company pursuant to the Alke Agreement, will be on a project specific basis. In connection with the provision of the Alke Advisory Services, the Company paid an initial fee of \$2,500, paid by the issuance of 50,000 Company Shares at a deemed price per share of \$0.05.

Additionally, on April 30, 2022, the Company paid to Alke a commitment fee of \$225,000, equal to 4.5% of the Funding Commitment, paid by the issuance of 4,500,000 Company Shares at a deemed price per share of \$0.05, and issued to Alke 5,673,902 Alke Fee Warrants, each exercisable for the purchase of one Company Share at an exercise price of \$0.30 until April 30, 2025. If the Alke Agreement is terminated by the Company due to Alke breaching in a material respect any representation, warranty, covenant or agreement contained in the Alke Agreement, then a portion of the Alke Fee Warrants issued to Alke will be returned and surrendered by Alke to the Company for cancellation. All 4,550,000 Company Shares issued to Alke pursuant to the Alke Agreement are subject to Seed Escrow. See *"Information Concerning the Resulting Issuer - Escrowed Securities and Other Securities Subject to Resale Restrictions - Contractual Escrow"*.

Pursuant to the Alke Agreement, the Company has agreed to pay Alke a cash top up payment upon the occurrence of a top up triggering event, being the circumstances where the volume-weighted average price of the Company Shares during the 30 day period immediately following any drawdown date is less than the issue price of such Company Shares that were issued in respect of such drawdown. The cash top up payment will be payable within five business days of the date of delivery by Alke to the Company of a notice exercising such top up right.

The Company may from time to time during the term request an increase in the principal amount of the Funding Commitment by delivering a written request for additional commitment. An additional commitment fee and additional Alke Fee Warrants are payable if Alke accepts a request for additional commitment.

If the Company undertakes an equity offering up to 12 months after the closing date of the Alke Agreement, the Company will promptly provide written notice to Alke of such offering, and Alke shall have the right to participate with a maximum position of 15% (the **"Participation Right"**).

The Company also agreed to provide certain customary indemnities and pay for certain fees incurred by Alke pursuant to the Alke Agreement.

## **ACTIUM ENGAGEMENT**

On May 13, 2021, CITP and Actium entered into the Actium Engagement Letter, whereby CITP engaged Actium as a management entity for a group of service providers who assisted CITP with its efforts to list, directly or through other means, on a recognized stock exchange. The Actium Engagement Letter is valid until May 13, 2023. Pursuant to the Actium Engagement Letter, Actium has agreed to provide services, including, but not limited to, the following: (a) development of a corporate structure for CITP, (b) provision of advice and assistance in relation to capital raising activities, (c) introduction of investors in connection with capital raising activities, (d) supervision and assistance of commercialization of CITP's products, (e) development of strategy and execution for such commercialization, (f) engagement, supervision and/or assistance in engaging professional advisors, service providers or other third parties, as needed, (g) screening of potential executive employees, (h) assistance with any formal requirements of listing on a stock exchange, (i) assistance with ongoing market capitalization strategies post-listing, and (j) provision of advice relating to investor relations and public relations.

Pursuant to the Actium Engagement Letter, CITP issued to the holding entities of the various service providers nominated by Actium, being Late Afternoon Investments Pty Ltd., G&G Capital Pty Ltd., Malbec Pte Ltd., Mancot Equities Pty Ltd., and PUG Communications Limited (the **"Nominees"**), an aggregate of 17,256 CITP Shares, comprised of 14,819 CITP Shares on September 8, 2021, and 2,437 CITP Shares on October 26, 2022, which were acquired by the Company at Closing. On Closing, Actium directed the Resulting Issuer to register its 5,931,405 Resulting Issuer Shares in the names of the Nominees. Actium has advised CITP that it holds no shares in any of the Nominees, nor does it have the right to appoint any directors to those entities or otherwise influence their operation. Certain Nominees or members of Nominees are members of Actium, being Mancot Equities Pty Ltd., Late Afternoon Investments Pty Ltd., and Gerhard Moll. Certain directors of Actium are also members of the Nominee, being Terence Patrick Richards, who is the sole member of Mancot Equities Pty Ltd., James Skinner, who is a 50% member of Late Afternoon Investments Pty Ltd., and Gerhard Moll, who is the sole member of G & G Capital Pty Ltd. Actium has further advised CITP that the Nominees also operate entirely independently of one another. The Resulting Issuer Shares issued to the Nominees are subject to the CITP Vendors Escrow. See

*"Information Concerning the Resulting Issuer - Escrowed Securities and Other Securities Subject to Resale Restrictions".*

On Closing, the Resulting Issuer issued 3,269,416 Non-Management Consulting Warrants in full and final satisfaction of the obligations of CITP under the Actium Engagement Letter. See *"Information Concerning the Acquisition - Acquisition of CITP by the Company"*.

The Actium Engagement Letter will automatically terminate on May 13, 2023, unless extended by agreement of CITP and Actium in writing. Either party is entitled to terminate the Actium Engagement Letter if the other party (a) breaches its obligation and fails to remedy such breach within 14 days' notice from the non-breaching party, (b) becomes insolvent, makes any assignment in or proposal under bankruptcy law or makes any other assignment for the benefit of the creditors, (c) has a receiver appointed (other than in connection with a reorganization or amalgamation), or (d) passes a resolution or becomes subject to a winding up order. Actium also has the right to terminate the Actium Engagement Letter if Actium reasonably believes that it is unable to list CITP on a mutually acceptable stock exchange, either directly or through a third party. If Actium exercises such termination right, then they will forfeit all CITP Shares previously issued to them.

#### **CHANGE OF NAME**

Concurrently with the Closing on February 13, 2023, the Company was renamed "Critical Infrastructure Technologies Ltd."

## INFORMATION CONCERNING THE RESULTING ISSUER

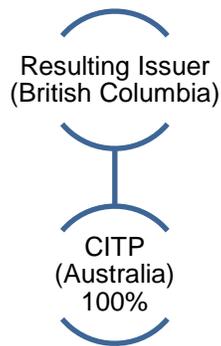
### CORPORATE STRUCTURE

#### ***Name, Address and Incorporation***

The Resulting Issuer is the subject of the BCBCA. The Resulting Issuer's head office and registered office will continue to be located at 2600-1066 West Hastings Street, Vancouver, British Columbia V6E 3X1. See "*Information Concerning the Company*". The year end of the Resulting Issuer is June 30.

#### ***Intercorporate Relationships***

As a result of the Closing on February 13, 2023, CITP is a wholly-owned subsidiary of the Company. See "*Information Concerning CITP*".



### BUSINESS OF THE RESULTING ISSUER

The Resulting Issuer carries on the business of CITP and will use the funds available to it as stated in this Prospectus. See "*Information Concerning CITP – Business of CITP*".

### DIVIDENDS OR DISTRIBUTIONS

The Resulting Issuer intends to retain its cash to finance growth and expand its operations, and does not anticipate paying any dividends on the Resulting Issuer Shares in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of the Resulting Issuer Board and will depend on many factors, including, among others, the Resulting Issuer's financial condition, current and anticipated cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by applicable corporate law, and other factors that the Resulting Issuer Board may deem relevant.

### DESCRIPTION OF SHARE CAPITAL

#### ***Resulting Issuer Shares***

The attributes of the Resulting Issuer Shares will be the same as the Company Shares, and did not change as a result of the Acquisition. See "*Information Concerning the Company - Description of Share Capital*".

As a result of the Closing on February 13, 2023, and following the deemed automatic exercise of the Special Warrants on the Qualification Date, the Resulting Issuer is anticipated to have 83,147,899 Resulting Issuer Shares issued and outstanding on the Listing Date.

## OPTIONS TO PURCHASE SECURITIES

### **Stock Options**

The Resulting Issuer will maintain the Equity Incentive Plan. Upon Listing, the Resulting Issuer anticipates having 300,000 Stock Options issued and outstanding. See "*Information Concerning the Company - Options to Purchase Securities - Equity Incentive Plan*".

### **Warrants**

Upon Listing, the Resulting Issuer anticipates having 5,000,000 common share purchase warrants, excluding the Alke Fee Warrants and Non-Management Consulting Warrants, each exercisable for the purchase of one Resulting Issuer Share at an exercise price of \$0.30 per share and with an expiry date of October 25, 2026. See "*Information Concerning the Company - Options to Purchase Securities - Company Warrants*".

### **Special Warrants**

Until the Qualification Date, the Resulting Issuer will have 4,062,500 Special Warrants issued and outstanding, assuming no Special Warrants are exercised prior to the Qualification Date. Upon the deemed automatic exercise of the Special Warrants on the Automatic Conversion Date, the Resulting Issuer will issue 4,062,500 SW Shares for no additional consideration. See "*Information Concerning the Company - Options to Purchase Securities - Special Warrants*".

### **Non-Management Consulting Warrants**

On Closing, the Resulting Issuer issued 3,269,416 Non-Management Consulting Warrants in full and final satisfaction of the obligations of CITP under the Actium Engagement Letter. 20% of the Non-Management Consulting Warrants will vest every six months starting from the 12 month anniversary of the closing date of the Acquisition. Each Non-Management Consulting Warrant is exercisable for a period of 36 months from the date of issuance thereto to acquire one Resulting Issuer Share at an exercise price of \$0.30. See "*Information Concerning the Acquisition - Acquisition of CITP by the Company*".

### **Alke Fee Warrants**

Pursuant to the Alke Agreement, the Company issued to Alke 5,673,902 Alke Fee Warrants, each exercisable for the purchase of one Company Share at an exercise price of \$0.30 until April 30, 2025. Such Alke Fee Warrants will be exercisable to acquire one Resulting Issuer Share on the same terms after the Closing. See "*Information Concerning the Acquisition - Alke Agreement*" and "*Information Concerning the Company - Options to Purchase Securities - Company Warrants*".

## PRO FORMA CONSOLIDATED CAPITALIZATION

The table below sets forth the *pro forma* consolidated capitalization of the Resulting Issuer as at September 30, 2022, both before and after giving effect to the Pro Forma Assumptions, the Company Change and the CITP Changes. The table below should be read in conjunction with the Pro Forma Financial Statements.

Description	Authorized	Outstanding as at September 30, 2022	Outstanding as at September 30, 2022, after giving effect to the Pro Forma Assumptions, the Company Change and the CITP Changes
Resulting Issuer Shares	Unlimited	30,950,000	83,147,899 <sup>(1)(2)</sup>
Common share purchase warrants	N/A	10,673,902	13,943,318 <sup>(3)</sup>
Stock Options	Variable <sup>(4)</sup>	300,000	300,000
Special Warrants	4,100,000	Nil	Nil
Indebtedness	N/A	\$76,543 <sup>(5)</sup>	\$1,201,596 <sup>(6)(7)(8)</sup>

**Notes:**

- (1) Assumes no Performance Shares are issued.
- (2) Pursuant to the CITP Financing, CITP issued 9,270 CITP Shares at a price of A\$48.55 per CITP Share, 5,297 CITP Shares at a price of A\$67.94 per CITP Share, and 15,290 CITP Shares at a price of A\$77.64 per CITP Share. See "*Information Concerning the Acquisition - Acquisition of CITP by the Company*".
- (3) Includes the 3,269,416 Non-Management Consulting Warrants issued at Closing. See "*Information Concerning the Acquisition - Acquisition of CITP by the Company*" and "*Information Concerning the Acquisition - Actium Engagement*".
- (4) The Equity Incentive Plan will allow for the grant of a maximum number of Stock Options as is equal to 10% of the issued and outstanding Resulting Issuer Shares from time to time. See "*Information Concerning the Resulting Issuer - Options To Purchase Securities*".
- (5) As of September 30, 2022, the indebtedness of the Company was \$76,543, and the indebtedness of CITP was \$1,734,110 (converted from Australian dollars to Canadian dollars at the rate of A\$0.88 per \$1). See Pro Forma Financial Statements.
- (6) The Resulting Issuer expects to repay indebtedness as funding permits. An aggregate of A\$675,439 of CITP indebtedness as at September 30, 2022, was repaid using the R&D Rebate received on November 9, 2022, comprised of a payment to Radium Capital on account of the balance then owing, being A\$536,939, together with the payment of A\$125,985 against accounts payables. The balance of the R&D Rebate received on November 9, 2022, was used by CITP as working capital. The Resulting Issuer anticipates that the indebtedness will be repaid with (a) the R&D Rebate expected to be received for 2023, and (b) a potential Radium Loan advance, if available and if required. See "*Information Concerning the Resulting Issuer - Use of Available Funds by the Resulting Issuer*".
- (7) Includes the following adjustments: (i) the 131 Loans were reduced from the indebtedness of CITP as they are offset by an intercompany receivable in the Company, and (ii) \$409,058 was reduced from the indebtedness of CITP to reflect the financings completed by CITP and a corresponding increase to share capital made. Excludes the following adjustments: (i) the R&D Rebate for 2022 in the aggregate amount of A\$812,924 was received on November 9, 2022, (ii) the Radium Loan in the amount of A\$536,939 was repaid using the R&D Rebate for 2022, (iii) CITP received a further advance pursuant to the Radium Loan in December 2022 in the aggregate amount of A\$328,500, which was used to reduce CITP's accounts payables by A\$138,500, and (iv) A\$242,930 of withholding tax payables were repaid on November 9, 2022.
- (8) An aggregate of A\$139,002 in CITP Notes was converted on October 26, 2022, resulting in the issuance of 2,046 CITP Shares. This indebtedness is included in the current liabilities of CITP as at September 30, 2022. See Footnote (5).

The table below sets forth the anticipated holders of the Resulting Issuer Shares as of the Listing Date.

Holders	Number of Resulting Issuer Shares held <sup>(1)</sup>	Percentage of Resulting Issuer Shares <sup>(1)(2)</sup>
Former Company Shareholders	30,950,000	37.22%
Former Special Warrant holders	4,062,500	4.89%
Former CITP Shareholders <sup>(3)</sup>	48,135,399	57.89%

**Notes:**

- (1) Assumes no Performance Shares are issued.
- (2) Based on an aggregate of 83,147,899 Resulting Issuer Shares outstanding following completion of the Acquisition and the deemed automatic exercise of 4,062,500 Special Warrants on the Qualification Date.
- (3) Includes Actium.

## PRINCIPAL SECURITYHOLDERS

Other than as set out in the table below, assuming the deemed automatic exercise of 4,062,500 Special Warrants, no person is expected to beneficially own or exercise control or direction over Resulting Issuer Shares carrying more than 10% of the votes attached to the Resulting Issuer Shares.

Name	Designation of security	Quantity of securities <sup>(1)</sup>	Percentage of Resulting Issuer Shares <sup>(2)</sup>
Brenton Scott	Resulting Issuer Shares	21,185,283 <sup>(3)</sup>	25.48% <sup>(4)</sup>

**Notes:**

- (1) Assumes no Performance Shares are issued. Mr. Brenton Scott is entitled to receive up to 26,420,090 Performance Shares and Mr. Andrew Hill is entitled to receive up to 9,198,990 Performance Shares, subject to the achievement of certain milestones. See "*Information Concerning the Acquisition - Acquisition of CITP by the Company*".
- (2) Based on an aggregate of 83,147,899 Resulting Issuer Shares outstanding following completion of the Acquisition, which assumes the deemed automatic exercise of 4,062,500 Special Warrants on the Qualification Date.
- (3) 12,585,232 of such Resulting Issuer Shares are held by BT 2000 Capital Pty Ltd., a company of which Mr. Brenton Scott owns 100% of the issued and outstanding securities, and 8,600,051 Resulting Issuer Shares are held by 23 XI, a company of which Mr. Brenton Scott owns 50% of the issued and outstanding securities and Mr. Scott's spouse owns 50% of the issued and outstanding securities. Mr. Scott is the sole director of 23 XI.
- (4) On a fully diluted basis and assuming the issuance of 37,119,080 Performance Shares and 3,269,416 Non-Management Consulting Warrants, and further assuming the exercise of 10,673,902 Company Warrants, 3,269,416 Non-Management Consulting Warrants and 300,000 Stock Options,
  - a. Mr. Brenton Scott would exercise control over an aggregate of 47,605,373 Resulting Issuer Shares representing approximately 35.39% of the Resulting Issuer Shares; and
  - b. Mr. Andrew Hill would exercise control over an aggregate of 16,588,931 Resulting Issuer Shares representing approximately 12.33% of the Resulting Issuer Shares.

## ESCROWED SECURITIES AND OTHER SECURITIES SUBJECT TO RESALE RESTRICTIONS

In the event that the Resulting Issuer Shares become listed on the CSE, the Company and CITP anticipate that the Resulting Issuer will be classified as an "emerging issuer", as defined under NP 46-201, upon such listing. **There is no guarantee that the Listing will be completed as presently expected or at all.**

### ***Escrowed Securities***

The securities of the Resulting Issuer expected to be subject to escrow or contractual restriction on transfer upon completion of the Listing are shown in the table below.

Designation of class	Type of escrow or contractual restriction on transfer	Number of securities <sup>(1)</sup>	Percentage of class
Resulting Issuer Shares	Escrowed pursuant to the Escrow Agreement <sup>(2)</sup>	38,650,224	46.48% <sup>(3)</sup>
Resulting Issuer Shares	CITP Notes Escrow	2,915,597	3.51% <sup>(3)</sup>
Resulting Issuer Shares	CITP Vendors Escrow	35,552,457	42.76% <sup>(3)</sup>
Resulting Issuer Shares	Seed Escrow	17,350,000	20.87% <sup>(3)</sup>
Non-Management Consulting Warrants	Warrants Escrow	3,269,416	23.45% <sup>(4)</sup>
Stock Options	Escrowed pursuant to the Escrow Agreement	300,000	100% <sup>(5)</sup>

**Notes:**

- (1) Assumes no Performance Shares are issued.
- (2) Resulting Issuer Shares escrowed pursuant to the Escrow Agreement on the following schedule and to be released from escrow as follows: 10% of the Resulting Issuer Shares are released on the Listing Date and an additional 15% every six months thereafter. See "*Information Concerning the Resulting Issuer - Escrowed Securities and Other Securities Subject to Resale Restrictions - Escrow Agreement*".
- (3) Based on an aggregate of 83,147,899 Resulting Issuer Shares outstanding on the Listing Date, which assumes the deemed automatic exercise of 4,062,500 Special Warrants on the Qualification Date.
- (4) Based on an aggregate of 3,269,416 Non-Management Consulting Warrants and 10,673,902 Company Warrants outstanding on the Listing Date.
- (5) Based on an aggregate of 300,000 Stock Options outstanding on the Listing Date.

## **Escrow Agreement**

Directors, executive officers, insiders and certain shareholders of the Resulting Issuer (the "**Escrow Shareholders**") have entered into an escrow agreement dated February 13, 2023 (the "**Escrow Agreement**") with the Resulting Issuer pursuant to which the Escrow Shareholders have agreed to deposit the securities of the Resulting Issuer which they hold with Odyssey Trust Company until they are released in accordance with terms of the Escrow Agreement, the policies of the CSE, if applicable, and applicable securities law as follows:

<b>Date of automatic timed release</b>	<b>Amount of escrowed securities released</b>
On the Listing Date	1/10 of the escrowed securities
6 months after the Listing Date	1/6 of the remaining escrowed securities
12 months after the Listing Date	1/5 of the remaining escrowed securities
18 months after the Listing Date	1/4 of the remaining escrowed securities
24 months after the Listing Date	1/3 of the remaining escrowed securities
30 months after the Listing Date	1/2 of the remaining escrowed securities
36 months after the Listing Date	The remaining escrowed securities

An aggregate of 38,650,224 Resulting Issuer Shares and 300,000 Stock Options are escrowed pursuant to the Escrow Agreement, comprised of:

- (a) 21,185,283 Resulting Issuer Shares owned by Mr. Brenton Scott, representing 25.48% of an aggregate of 83,147,899 Resulting Issuer Shares anticipated to be outstanding on the Listing Date, which assumes the deemed automatic exercise of 4,062,500 Special Warrants on the Qualification Date. 1,082,671 Resulting Issuer Shares held by Mr. Scott are also subject to the CITP Notes Escrow and 20,102,612 Resulting Issuer Shares held by Mr. Scott are also subject to the CITP Vendors Escrow.
- (b) 7,389,941 Resulting Issuer Shares owned by Mr. Andrew Hill, representing 8.89% of an aggregate of 83,147,899 Resulting Issuer Shares anticipated to be outstanding on the Listing Date, which assumes the deemed automatic exercise of 4,062,500 Special Warrants on the Qualification Date. All Resulting Issuer Shares owned by Mr. Hill are also subject to the CITP Vendors Escrow.
- (c) 500,000 Resulting Issuer Shares owned by Mr. Faramarz Haddadi, representing 0.60% of an aggregate of 83,147,899 Resulting Issuer Shares anticipated to be outstanding on the Listing Date, which assumes the deemed automatic exercise of 4,062,500 Special Warrants on the Qualification Date.
- (d) 250,000 Stock Options owned by Mr. Richard Paolone, which are exercisable at \$0.24 for a period of five years from the date of grant and representing 83.33% of an aggregate of 300,000 Stock Options outstanding on the Listing Date.
- (e) 50,000 Stock Options owned by Mr. Richard Paolone, which are exercisable at \$0.24 for a period of five years from the date of grant and representing 16.67% of an aggregate of 300,000 Stock Options outstanding on the Listing Date.
- (f) 4,575,000 Resulting Issuer Shares owned by Adelaid Investments LLC, representing 5.50% of an aggregate of 83,147,899 Resulting Issuer Shares anticipated to be outstanding on the Listing Date, which assumes the deemed automatic exercise of 4,062,500 Special Warrants on the Qualification Date.
- (g) 5,000,000 Resulting Issuer Shares owned by Notable Investments LLC, representing 6.01% of an aggregate of 83,147,899 Resulting Issuer Shares anticipated to be outstanding on the Listing Date, which assumes the deemed automatic exercise of 4,062,500 Special Warrants on the Qualification Date.

### **Contractual Escrow**

Pursuant to the Share Purchase Agreement, an aggregate of 38,468,054 Resulting Issuer Shares will be subject to contractual escrow as follows:

- 25% of the aggregate 2,915,597 Resulting Issuer Shares issued to the holders of the CITP Notes will be released every four months starting on the six-month anniversary of the Closing (the "**CITP Notes Escrow**").
- 20% of the aggregate 35,552,457 Resulting Issuer Shares issued to CITP Securityholder Vendors (excluding the Resulting Issuer Shares issued to the holders of the CITP Notes) will be released every six months starting on the 12-month anniversary of the Closing (the "**CITP Vendors Escrow**"). For greater certainty, the 5,931,405 Resulting Issuer Shares issued to the Nominees are subject to the CITP Vendors Escrow.

The 3,269,416 Non-Management Consulting Warrants issued pursuant to the Non-Management Consulting Agreements and in full and final satisfaction of CITP's obligations under the Actium Engagement Letter are subject to a contractual escrow, with 20% of the Non-Management Consulting Warrants vesting every six months starting from the 12-month anniversary of the Closing (the "**Warrants Escrow**"). See "*Information Concerning the Acquisition - Acquisition of CITP by the Company*".

In connection with the Closing, the Company entered into lock up agreements with certain shareholders of the Company, whereby an aggregate of 17,350,000 Company Shares held by (a) shareholders, which were issued at \$0.02 per Company Share, including the 1,000,000 Company Shares held by Auxo Growth Partners Ltd., a company which Mr. Haddadi holds 25% of the issued and outstanding common shares of, and (b) Alke, which were issued at a deemed issuance price of \$0.05 per Company Share, are subject to contractual escrow, with 20% of such shares released every six months starting on the Listing Date (the "**Seed Escrow**").

### **DIRECTORS AND EXECUTIVE OFFICERS**

The table below sets out the directors and executive officers of the Resulting Issuer, after giving effect to the Board Reorganization and assuming the deemed automatic exercise of 4,062,500 Special Warrants.

<b>Director, role(s) and residence</b>	<b>Director since</b>	<b>Principal occupation (past 5 years)</b>	<b>Resulting Issuer Shares owned<sup>(1)</sup></b>	<b>Percentage of Resulting Issuer Shares<sup>(2)</sup></b>	<b>Percentage of Resulting Issuer Shares, Fully Diluted</b>
Brenton Scott <sup>(3)</sup> Chief Executive Officer and Director <i>Perth, Western Australia</i>	Closing	Chief Executive Officer, CITP (2019 – Present); Business Development Manager, Secure2Go Pty Ltd. (2016 – 2019)	21,185,283 <sup>(4)</sup>	25.48% <sup>(6)</sup>	35.39% <sup>(6)</sup>
Andrew Hill Chief Technology Officer and Director <i>Perth, Western Australia</i>	Closing	Chief Technology Officer, CITP (2021 – Present); General Manager, CommTel Pty Ltd. (2011 – 2020)	7,389,941 <sup>(5)</sup>	8.89% <sup>(7)</sup>	12.33% <sup>(7)</sup>

Director, role(s) and residence	Director since	Principal occupation (past 5 years)	Resulting Issuer Shares owned <sup>(1)</sup>	Percentage of Resulting Issuer Shares <sup>(2)</sup>	Percentage of Resulting Issuer Shares, Fully Diluted
Eugene Hodgson Chief Financial Officer, Corporate Secretary and Director <i>Vancouver, BC, Canada</i>	Closing	CFO, Tevano Systems Inc. (2019 – Present); CFO, Trait Biosciences Inc. (2018 – 2020); VP, Organization, Corpfinance International Limited (2007 – 2017)	Nil	Nil	Nil
Imants Kins <sup>(3)</sup> Director <i>Fremantle, Western Australia</i>	Closing	Director, Xantippe Resources Limited (2021 – Present); Director, Atlas Iron Pty Ltd. (2019 – Present); Director, Pela Global Limited (2015 – Present)	Nil	Nil	Nil
Richard Paolone <sup>(3)</sup> Director <i>Toronto, ON, Canada</i>	May 13, 2022	Principal lawyer, Paolone Law Professional Corporation (2020 – Present); Lawyer, Purdy Law Professional Corporation (2019 – Present); Articling student, Fish Law Professional Corporation (2018 – 2019)	Nil	Nil <sup>(8)</sup>	0.19% <sup>(8)</sup>

**Notes:**

- (1) Assumes no Performance Shares are issued.
- (2) Based on an aggregate of 83,147,899 Resulting Issuer Shares outstanding following completion of the Acquisition, which assumes the deemed automatic exercise of 4,062,500 Special Warrants on the Qualification Date.
- (3) Member of the Resulting Issuer's Audit Committee. Imants Kins is expected to serve as the chair of the Resulting Issuer's Audit Committee.
- (4) 12,585,232 of such Resulting Issuer Shares are held by BT 2000 Capital Pty Ltd., a company of which Mr. Brenton Scott owns 100% of the issued and outstanding securities, and 8,600,051 Resulting Issuer Shares are held by 23 XI, a company of which Mr. Brenton Scott owns 50% of the issued and outstanding securities and Mr. Scott's spouse owns 50% of the issued and outstanding securities. Mr. Scott is the sole director of 23 XI.
- (5) All such Resulting Issuer Shares are held by RE Hughes & Associates Pty Ltd., a company of which Mr. Andrew Hill owns 100% of the issued and outstanding securities.
- (6) On a fully diluted basis and assuming the issuance of 37,119,080 Performance Shares and 3,269,416 Non-Management Consulting Warrants, and further assuming the exercise of 10,673,902 Company Warrants, 3,269,416 Non-Management Consulting Warrants and 300,000 Stock Options, Mr. Brenton Scott would exercise control over an aggregate of 47,605,373 Resulting Issuer Shares.
- (7) On a fully diluted basis and assuming the issuance of 37,119,080 Performance Shares and 3,269,416 Non-Management Consulting Warrants, and further assuming the exercise of 10,673,902 Company Warrants, 3,269,416 Non-Management Consulting Warrants and 300,000 Stock Options, Mr. Andrew Hill would exercise control over an aggregate of 16,588,931 Resulting Issuer Shares.
- (8) On a fully diluted basis and assuming the issuance of 37,119,080 Performance Shares and 3,269,416 Non-Management Consulting Warrants, and further assuming the exercise of 10,673,902 Company Warrants, 3,269,416 Non-Management Consulting Warrants and 300,000 Stock Options, Mr. Paolone would exercise control over an aggregate of 250,000 Resulting Issuer Shares.

Directors of the Resulting Issuer will hold office from the Closing and, unless re-elected, will retire from office at the next annual general meeting of Resulting Issuer shareholders.

As of the date of this Prospectus, the directors and officers of the Resulting Issuer, as a group, will own, directly or indirectly, or exercise control or direction over, 28,575,224 Resulting Issuer Shares (representing 34.37% of all of the issued and outstanding Resulting Issuer Shares on a non-diluted basis).

Each director and executive officer of the Resulting Issuer expects that he will be an employee or independent contractor and will enter into a standard non-competition and non-disclosure agreement with the Resulting Issuer

or CITP. Each director and officer expects that they will dedicate their time to their respective positions with the Resulting Issuer as set out in the table below.

<b>Name</b>	<b>Percentage of time</b>
Brenton Scott	100%
Andrew Hill	100%
Eugene Hodgson	15%
Imants Kins	25%
Richard Paolone	10%

### ***Background – Directors and Executive Officers***

The following is a brief description of each of the directors and executive officers of the Resulting Issuer that has not otherwise been disclosed in this Prospectus, including their names, ages, positions and responsibilities with Resulting Issuer, relevant educational background, principal occupations or employment during the five years preceding the date of this Prospectus, experience in the Resulting Issuer's industry and the amount of time intended to be devoted to the affairs of Resulting Issuer:

#### **Imants Kins, Director, and Non-Executive Chairman, Age: 71**

Imants Kins has a Bachelor of Economics from the University of Western Australia and a Master of Arts (Futures Studies) from Curtin University. Mr. Kins has extensive experience at a senior level in both the government (1972 – 1986), including advising ministers, and the private sector (1986 – present) as a senior manager, corporate economist and director of a number of Australian Securities Exchange listed companies.

Mr. Kins has worked in the private sector as a consulting economist in the natural resource sector since 1986 and has strong generic skills in the project development area. Mr. Kins has worked in a range of areas: mining, mineral processing, natural resource down streaming, electronics, global trend analysis and strategic/scenario planning.

Mr. Kins will devote approximately 25% of his time to the affairs of the Resulting Issuer, overseeing the corporate governance and assisting with sales and marketing with the resource and government sectors. Mr. Kins has entered into the Management Consulting Agreement with the Resulting Issuer in connection with his appointment as a director of the Resulting Issuer, and is subject to the MCA Confidentiality Provision contained therein. Mr. Kins is not anticipated to enter into a non-competition agreement with the Resulting Issuer.

#### **Eugene Hodgson, Chief Financial Officer, Corporate Secretary and Director, Age: 65**

Eugene Hodgson is an accomplished senior executive with over 40 years of experience in both the public and private sectors. An agile networker, Mr. Hodgson connects businesses with expertise and financing sources. As a strategic board member for a number of companies, industry associations and community groups, he has held leadership roles serving as Chief Executive Officer of Tevano Systems Inc. in 2020, Chief Financial Officer of Trait Biosciences Inc. between 2018 and 2020, and Vice President of the Mining Association of BC in 1981 and Business Origination (Western Region) between 2005 and 2017. Mr. Hodgson has been a strategic advisor to Healthy Apparel Company Ltd. since 2020.

Mr. Hodgson is currently the Chief Financial Officer and Corporate Secretary of Tevano Systems Holdings Inc. (CSE:TEVO), which is a technology company with custom and proprietary hardware and software technologies.

Mr. Hodgson is associated with a number of resource companies in Canada where he plays a strategic role. He is the former Chief Financial Officer and a Director of Timmins Gold Corp. between 2009 and 2011, and President of Fabled Copper Corp. (CSE: FCO) between 2018 and 2020. Mr. Hodgson is currently a director of Dixie Gold Inc. (TSXV:DG), St. Anthony Gold Corp. (CSE:STAG), Red Lake Gold Inc. (CSE:RGLD), Rover Metals Inc.

(TSXV:ROVR), ESG Global Impact Capital Inc. (CVE:ESGW), Forbidden Distilling Corp., and Alma Gold Corp. (CSE:ALMA). Mr. Hodgson was a VP of Corpfinance International, a Toronto-based merchant bank specializing in infrastructure financing for 10 years, where he gained experience with complex financial analysis. He also acts as audit chair for a number of public companies, including Spark Energy Minerals Inc., Forbidden Spirits Distilling Co., Rover Metals Corp., and ESG Global Impact Capital Inc. Mr. Hodgson received a Bachelor of Arts from the University of Calgary on November 3, 1978, with a minor in Economics.

Mr. Hodgson will devote approximately 15% of his time to the affairs of the Resulting Issuer. Mr. Hodgson is not an employee of the Resulting Issuer and has not entered into a non-competition or non-disclosure agreement with the Resulting Issuer.

For additional information regarding the background of the directors and executive officers of the Resulting Issuer, see "*Information Concerning the Company Directors and Executive Officers*" and "*Information Concerning CITP - Directors and Executive Officers*".

### **Other Reporting Issuer Experience**

Some of the proposed directors of the Resulting Issuer serve or have served on the boards of directors of other reporting issuers (or the equivalent) in Canada or foreign jurisdictions. The following table lists the directors of the Resulting Issuer who serve or have served on boards of directors of other reporting issuers (or the equivalent), and the identities of such reporting issuers (or the equivalent), that have not otherwise been disclosed in this Prospectus.

<b>Director</b>	<b>Reporting issuer</b>	<b>Exchange</b>	<b>Position</b>
Eugene Hodgson	Global Wellness Strategies Inc.	CSE	Director (2017 – 2021)
	St. Anthony Gold Corp. (formerly known as, Maxtech Ventures Inc.)	CSE	Director (2017 – Present)
	Genesis Acquisition Corp.	TSXV	Director (2019 – Present)
	Red Lake Gold Inc.	CSE	Director (2019 – Present)
	MiMedia Holdings Inc.(formerly, Efficacious Elk Capital Corp.)	TSXV	Director (2018 – 2022)
	Tevano Systems Holdings Inc.	CSE	Corporate Secretary and CFO (2021 – Present)
	Alma Gold Inc.	CSE	Director (2020 – Present)
	Rover Metals Corp.	TSXV	Director (2018 – Present)
	Reyna Silver Corp.	TSXV	Director (2018 – 2020)
	ESG Global Impact Capital Inc.	TSXV	Director (2021 – Present)
	Fabled Silver Gold Corp.	TSXV	Director (2018 – 2020)
	Dixie Gold Inc.	TSXV	Director (2018 – Present)

For additional information regarding other reporting issuer experience of the directors and executive officers of the Resulting Issuer, see "*Information Concerning the Company Directors and Executive Officers*" and "*Information Concerning CITP - Directors and Executive Officers*".

### **Corporate Cease Trade Orders or Bankruptcies, Penalties or Sanction and Personal Bankruptcies**

Other than as disclosed in this Prospectus:

- no director or executive officer of the Resulting Issuer (nor any personal holding of any such persons) is, as of the date hereof, or was within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company, that: (i) was subject to an Order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii)

was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in their capacity as director, chief executive officer or chief financial officer;

- no director or executive officer of the Resulting Issuer (nor any personal holding company of any such persons), or shareholder of the Resulting Issuer holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer: (i) is, as of the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder;
- no director or executive officer of the Resulting Issuer (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision; and
- no existing or proposed director, executive officer or a shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has as of the date hereof, or within the ten years prior to the date hereof, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets.

For additional information regarding corporate cease trade orders or bankruptcies, penalties or sanction and personal bankruptcies of the directors and executive officers of the Resulting Issuer, see "*Information Concerning the Company - Directors and Executive Officers*" and "*Information Concerning CITP - Directors and Executive Officers*".

## **AUDIT COMMITTEE AND CORPORATE GOVERNANCE**

### ***Audit Committee***

The Resulting Issuer is expected to maintain the charter of the Company's Audit Committee, including pre-approval policies and procedures. See "*Information Concerning the Company - Audit Committee and Corporate Governance*".

### **Composition of the Audit Committee**

The Audit Committee of the Resulting Issuer is expected to be composed of three directors, being Imants Kins, Richard Paolone, and Brenton Scott. Of the members of the Audit Committee of the Company, Mr. Kins and Mr. Paolone are considered to be independent directors and all are considered financially literate, in each case within the meaning of NI 52-110. Mr. Scott is the CEO of the Resulting Issuer and engages in the management of day-to-day operations of the Resulting Issuer and, as such, is not an independent director of the Resulting Issuer. Mr. Kins is expected to serve as the chair of the Resulting Issuer's Audit Committee.

See "*Information Concerning the Company - Directors and Executive Officers*" and "*Information Concerning CITP - Directors and Executive Officers*".

## **Relevant Education and Experience**

Each of the members of the Audit Committee of the Resulting Issuer has education and experience relevant to the performance of their responsibilities as members of the Audit Committee.

See "*Information Concerning the Company - Directors and Executive Officers*" and "*Information Concerning CITP - Directors and Executive Officers*".

## **Corporate Governance**

The Resulting Issuer will adopt the corporate governance practices of the Company, and anticipates that it will implement and adopt a continuous disclosure policy and insider trading policy prior to the date on which the Resulting Issuer is required to file financial statements under applicable Canadian securities laws.

See "*Information Concerning the Company - Audit Committee and Corporate Governance - Corporate Governance Disclosure*".

## **EXECUTIVE COMPENSATION**

### ***Compensation Philosophy***

The Resulting Issuer expects to provide a market-based blend of base salaries, bonuses and Stock Options to align the interests of executive officers of the Resulting Issuer with the interests of its shareholders.

The Resulting Issuer Board, acting as a whole, will determine the compensation of executive officers and directors, and grants of Resulting Issuer Stock Options. The Resulting Issuer Board may, as and when it determines is appropriate, establish a compensation committee and adopt a more formal compensation process that is in line with market practice for a junior publicly-listed company operating in this industry, having regard for local market conditions.

The Resulting Issuer Board as a whole will determine the compensation of directors of the Resulting Issuer. It is not anticipated that the Resulting Issuer will provide its directors with any compensation for attending meetings of the Resulting Issuer Board or any of its committees. However, directors will be eligible to receive Stock Options pursuant to the Equity Incentive Plan, from time to time, on a basis commensurate with industry standards, reflecting the responsibilities and risks involved in being a director of the Resulting Issuer. Non-management directors will also be reimbursed for transportation and other out-of-pocket expenses incurred in connection with attending meetings, and generally in discharging their director functions.

The Resulting Issuer Board will determine all compensation with respect to any employment, consulting and management agreements.

### ***NEO Compensation***

The table below sets out the anticipated compensation to the Resulting Issuer's Named Executive Officers, being Brenton Scott (CEO), Eugene Hodgson (CFO), and Andrew Hill (CTO) and its directors, for the 12-month period following the completion of the Acquisition. The Resulting Issuer may also grant Stock Options to the Named Executive Officers. Such equity based compensation will be approved by the Resulting Issuer Board.

Name and position	Period	Salary, consulting fee, retainer or commission	Bonus	Committee or meeting fees	Value of perquisites	Value of all other compensation	Total compensation
Brenton Scott CEO	12 months following the Acquisition	A\$180,000	Nil	Nil	Nil	A\$18,000 <sup>(1)(2)</sup>	A\$198,000
Eugene Hodgson CFO	12 months following the Acquisition	A\$18,000	Nil	Nil	Nil	Nil	A\$18,000
Andrew Hill CTO	12 months following the Acquisition	A\$180,000	Nil	Nil	Nil	A\$18,000 <sup>(1)(3)</sup>	A\$198,000
Imants Kins Director	12 months following the Acquisition	Nil	Nil	Nil	Nil	Nil <sup>(4)</sup>	Nil
Richard Paolone Director	12 months following the Acquisition	\$6,780	Nil	Nil	Nil	Nil <sup>(5)</sup>	\$6,780

**Notes:**

- (1) Other compensation is comprised of 10% compulsory superannuation under Australian law.
- (2) Mr. Scott has entered into the Management Consulting Agreement with the Resulting Issuer in connection with his appointment as the CEO of the Resulting Issuer. Pursuant to his Management Consulting Agreement, Mr. Scott is entitled to receive up to 26,420,090 Performance Shares upon the achievement of certain milestones. See "*Information Concerning the Resulting Issuer - Directors and Executive Officers - Background – Directors and Executive Officers*" and "*Information Concerning the Acquisition - Acquisition of CITP by the Company*".
- (3) Mr. Hill has entered into the Management Consulting Agreement with the Resulting Issuer in connection with his appointment as the Chief Technology Officer of the Resulting Issuer. Pursuant to his Management Consulting Agreement, Mr. Hill is entitled to receive up to 9,198,990 Performance Shares upon the achievement of certain milestones. See "*Information Concerning the Resulting Issuer - Directors and Executive Officers - Background – Directors and Executive Officers*" and "*Information Concerning the Acquisition - Acquisition of CITP by the Company*".
- (4) Mr. Kins has entered into the Management Consulting Agreement with the Resulting Issuer in connection with his appointment as a director of the Resulting Issuer. Pursuant to his Management Consulting Agreement, Mr. Kins is entitled to receive up to 1,500,000 Performance Shares upon the achievement of certain milestones. See "*Information Concerning the Resulting Issuer - Directors and Executive Officers - Background – Directors and Executive Officers*" and "*Information Concerning the Acquisition - Acquisition of CITP by the Company*".
- (5) Mr. Paolone has entered into an independent director services agreement with the Company, pursuant to which the Company pays Mr. Paolone a base salary of \$6,000 plus HST per annum starting on May 20, 2022. Pursuant to such agreement, the Company has also (i) agreed to pay for Mr. Paolone's travel expenses for a round trip from Toronto, Ontario, Canada, to Perth, Australia, which must occur on or before May 20, 2023, and (ii) granted Mr. Paolone 250,000 Stock Options on May 20, 2022, which are exercisable at \$0.24 for a period of five years from the date of grant. See "*Information Concerning the Company - Executive Compensation - Employment, Consulting and Management Agreements*".

In addition to the executive compensation as disclosed above, the Resulting Issuer may pay non-executive directors an amount per person per Resulting Issuer Board meeting at a rate to be determined. The definition of "director" under securities legislation includes an individual who acts in a capacity similar to that of a director.

**Pension Plan Benefits and Other Deferred Compensation Plans**

It is anticipated the Resulting Issuer will not have any pension or deferred compensation plan in the 12-month period following the completion of the Acquisition.

**Equity Incentive Plan**

The Resulting Issuer will maintain the Equity Incentive Plan. See "*Information Concerning the Company - Options to Purchase Securities - Equity Incentive Plan*".

### ***Compensation to Associates***

No awards, earnings, payments or payables are expected to be made to any associates of Named Executive Officers or directors of the Resulting Issuer.

### ***External Management Companies***

All named executives of the Resulting Issuer are employees or consultants of the Resulting Issuer.

### ***Employment, Consulting and Management Agreements***

On Closing, the Resulting Issuer assumed the obligations under existing consulting agreements of the Company and CITP. It is anticipated that the Resulting Issuer will enter into an employment agreement with Eugene Hodgson in relation to his position as the CFO of the Resulting Issuer post-Closing. See "*Information Concerning the Company – Executive Compensation – Employment, Consulting and Management Agreements*" and "*Information Concerning CITP – Executive Compensation – Employment, Consulting and Management Agreements*".

### ***Oversight and Description of Director and Named Executive Compensation***

The Resulting Issuer Board will determine the annual compensation of Named Executive Officers. Current market conditions, market compensation, and company finances are expected to be taken into account when determining compensation.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

### ***Aggregate Indebtedness***

Other than Routine Indebtedness, no directors, executive officers and employees, and no former directors, executive officers and employees of the CITP or the Company, are or were indebted to CITP or the Company in connection with a purchase of securities and all other indebtedness as at the date of this Prospectus.

### ***Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs***

Other than Routine Indebtedness, no directors or executive officers of CITP or the Company, and associates of such directors or executive officers, are or were indebted to CITP or the Company as at the date of this Prospectus.

## **PLAN OF DISTRIBUTION**

### ***Special Warrant***

This Prospectus qualifies the distribution of 4,062,500 SW Shares to be issued, without additional payment, upon the exercise or deemed exercise of 4,062,500 Special Warrants issued pursuant to the Special Warrant Financing. The Special Warrants were issued pursuant to and in accordance with the Special Warrant Indenture between the Company and Odyssey Trust Company, in its capacity as agent for the Special Warrants.

Pursuant to the Special Warrant Indenture, all unexercised Special Warrants shall be deemed to be automatically exercised (without any further action or payment on the part of the holder thereof) at 4:00 p.m. (Vancouver time) on the Automatic Conversion Date, being the earlier of (a) the Qualification Date, being the date on which the securities commissions or other securities regulatory authorities in each of the Selling Provinces issue a receipt for the final long form prospectus of the Company qualifying the distribution of the SW Shares, and (b) June 1, 2023. Assuming no Special Warrants are exercised prior to the Qualification Date, upon the deemed automatic exercise of the Special Warrants, the Resulting Issuer will issue 4,062,500 SW Shares for no additional consideration.

No securities are being offered or sold pursuant to this Prospectus. This Prospectus is being filed by the Company with its overseeing regulators. Since no securities are being offered pursuant to this Prospectus, no proceeds will be raised and no agent or underwriter is involved.

### ***Listing of Common Shares on the CSE***

The CSE has conditionally approved the application to have the Resulting Issuer Shares listed for trading on the CSE. Listing is subject to the Company fulfilling all of the listing requirements the CSE.

### ***IPO Venture Issuer***

As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequis NEO Exchange Inc., a U.S. marketplace, or a marketplace outside of Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

## **PROMOTERS**

Mr. Brenton Scott is the CEO of the Resulting Issuer and Mr. Andrew Hill is the Chief Technology Officer of the Resulting Issuer. Mr. Faramarz Haddadi was a director and CEO of the Company and resigned both positions concurrently with the Closing. Each of Mr. Scott, Mr. Hill and Mr. Haddadi took the initiative in the founding and organizing of either CITP or the Company, and as such, may be considered to be a promoter of the Resulting Issuer, as that term is defined in the *Securities Act* (British Columbia).

As of the date of this Prospectus, Mr. Haddadi beneficially owns, or controls or directs, directly or indirectly, 500,000 Resulting Issuer Shares, representing 0.60% of an aggregate of 83,147,899 Resulting Issuer Shares anticipated to be outstanding on the Listing Date, which assumes the deemed automatic exercise of 4,062,500 Special Warrants on the Qualification Date. Auxo Growth Partners Ltd., a company in which Mr. Haddadi holds 25% of the issued and outstanding common shares, holds 1,000,000 Resulting Issuer Shares representing 1.20% of an aggregate of 83,147,899 Resulting Issuer Shares outstanding on the Listing Date, which assumes the deemed automatic exercise of 4,062,500 Special Warrants on the Qualification Date.

As of the date of this Prospectus, Mr. Scott beneficially owns, or controls or directs, directly or indirectly, 21,185,283 Resulting Issuer Shares, representing 25.48% of an aggregate of 83,147,899 Resulting Issuer Shares anticipated to be outstanding on the Listing Date, which assumes the deemed automatic exercise of 4,062,500 Special Warrants on the Qualification Date.

As of the date of this Prospectus, Mr. Hill beneficially owns, or controls or directs, directly or indirectly, 7,389,941 Resulting Issuer Shares, representing 8.89% of an aggregate of 83,147,899 Resulting Issuer Shares anticipated to be outstanding on the Listing Date, which assumes the deemed automatic exercise of 4,062,500 Special Warrants on the Qualification Date.

CITP entered into employment agreements with each of Mr. Scott and Mr. Hill to provide senior management related services, whereby CITP will pay each of Mr. Scott and Mr. Hill a base salary of A\$180,000 per annum plus a 10% superannuation pursuant to Australian laws. The Resulting Issuer has entered into Management Consulting Agreements with holding companies controlled by each of Mr. Scott and Mr. Hill. Each of Mr. Scott and Mr. Hill are parties to the Share Purchase Agreement as CITP Shareholders. Pursuant to the Share Purchase Agreement, Mr. Scott received 21,185,283 Resulting Issuer Shares and Mr. Hill received 7,389,941 Resulting Issuer Shares. Mr. Scott is also entitled to receive up to 26,420,090 Performance Shares pursuant to his Management Consulting Agreement. Mr. Hill is also entitled to receive up to 9,198,990 Performance Shares pursuant to his Management Consulting Agreement.

See "*Information Concerning the Company - Promoter*", "*Information Concerning CITP - Promoter*", and "*Information Concerning the Acquisition - Acquisition of CITP by the Company*".

## RISK FACTORS

The business of CITP is the business of the Resulting Issuer. Accordingly, risk factors relating to CITP's current business will be risk factors relating to the Resulting Issuer's business. See "*Information Concerning the Company - Risk Factors*" and "*Information Concerning CITP – Risk Factors*".

Additional risks related to the Resulting Issuer are set out below.

### ***No Market for Securities***

There is currently no market through which any of the securities of the Company or the Resulting Issuer may be sold and there is no assurance that the securities of the Company or the Resulting Issuer will be listed for trading on a Canadian stock exchange, or if listed, will provide a liquid market for such securities. Until the securities of the Company or the Resulting Issuer are listed on a Canadian stock exchange, holders of the securities of the Company and the Resulting Issuer may not be able to sell their securities. Even if the Listing is obtained, there can be no assurance that an active public market for the securities of the Company or the Resulting Issuer will develop or be sustained. The holding of securities of the Company and the Resulting Issuer involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. The securities of the Company and the Resulting Issuer should not be purchased by persons who cannot afford the possibility of the loss of their entire investment.

### ***Market Price Volatility***

The market price of the Resulting Issuer Shares may be adversely affected by a variety of factors relating to the Resulting Issuer's business, including fluctuations in the Resulting Issuer's operating and financial results, the results of any public announcements made by the Resulting Issuer, and the failure to meet analysts' expectations.

The market price of the Resulting Issuer Shares may experience wide fluctuations which may not necessarily be related to the financial condition, operating performance, underlying asset values or prospects of the Resulting Issuer. Securities of micro-cap and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries.

Other factors unrelated to the Resulting Issuer's performance that may have an effect on the price of the Resulting Issuer Shares include (among others) the following: (i) the extent of analytical coverage available to investors concerning the Resulting Issuer's business may be limited if investment banks with research capabilities do not follow the Resulting Issuer Shares; (ii) lessening in trading volume and general market interest in the Resulting Issuer Shares may affect an investor's ability to trade significant numbers of Resulting Issuer Shares; (iii) the size of the Resulting Issuer's public float may limit the ability of some institutions to invest in the Resulting Issuer Shares; and (iv) a substantial decline in the price of the Resulting Issuer Shares that persists for a significant period of time could cause the Resulting Issuer Shares to be delisted from the CSE or from any other exchange upon which the Resulting Issuer Shares may trade from time to time, further reducing market liquidity.

As a result of any of these factors, the market price of the Resulting Issuer Shares at any given point in time may not accurately reflect the Resulting Issuer's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Resulting Issuer may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Financial markets have historically, at times, experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. In particular, the conflict between Russia and Ukraine and any restrictive actions that are or may be taken by Canada, the U.S. and other countries

in response thereto, such as sanctions or export controls, could have negative implications on the financial markets. Accordingly, the market price of the Resulting Issuer Shares may decline even if the Resulting Issuer's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Resulting Issuer's operations could be adversely impacted and the trading price of the Resulting Issuer Shares may be materially adversely affected.

### ***General Economic Conditions in Canada, the U.S. Globally***

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. The Resulting Issuer will be dependent upon the capital markets to raise additional financing in the future while completing its business objectives. Access to financing has been negatively impacted by the ongoing global economic downturn. As such, the Resulting Issuer will be subject to liquidity risks in meeting development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Resulting Issuer's ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to the Resulting Issuer and its management. If uncertain market conditions persist, the ability to raise capital could be jeopardized and thus have an adverse impact on operations, on the trading price of the Resulting Issuer's Shares on the CSE, and on the ability of the Resulting Issuer to raise capital, generally.

### ***Requirements for Further Financing***

The Resulting Issuer's cash flows may not be sufficient to fund its ongoing activities and/or expansion projects at all times; and as such, from time to time, the Resulting Issuer may require additional financing in order to carry out its current business and/or its proposed growth strategy. As a result of intense competition, governmental regulation as well as global economic volatility, the Resulting Issuer, along with many of its competitors, may, from time to time, have restricted access to capital and increased borrowing costs. Failure to obtain any required financing on a timely basis could cause the Resulting Issuer to fail to (i) execute its proposed growth strategy, (ii) continue to develop its business, or (iii) satisfy the demands of its customers, and ultimately reduce or terminate its operations. If the Resulting Issuer's revenues decrease as a result of competition or otherwise, it will affect the Resulting Issuer's ability to expend the necessary capital to maintain its business and fund the continued development of its products. To the extent that external sources of capital become limited or unavailable, or available on onerous terms, the Resulting Issuer's ability to make capital investments and maintain existing assets may be impaired, and its assets, liabilities, business, financial condition and results of operations may be materially and adversely affected as a result. In addition, the future development of the Resulting Issuer's software and hardware products may require additional financing and there are no assurances that such financing will be available or, if available, will be available upon acceptable terms. Failure to obtain any required financing necessary for the Resulting Issuer's capital expenditure plans may result in a delay in the development or production of the Resulting Issuer's projects.

### ***Discretion Concerning the Use of Available Funds***

The Resulting Issuer's management will have substantial discretion concerning the use of available funds as well as the timing of the expenditure of the funds thereof. As a result, investors will be relying on the judgment of management as to the specific application of the available funds. Management may use the available funds in ways that an investor may not consider desirable. The results and effectiveness of the application of the available funds are uncertain.

### ***Additional Issuances and Dilution***

Pursuant to the Actium Engagement Letter, the Non-Management Consulting Agreements, and the Management Consulting Agreements, the Resulting Issuer will issue to certain parties 3,269,416 Non-Management Consulting Warrants and up to an aggregate of 37,119,080 Performance Shares. Assuming the satisfaction of all performance milestones under the Management Consulting Agreements, the Resulting Issuer will issue 37,119,080 Performance Shares, representing 27.60% of the issued and outstanding Resulting Issuer Shares as of the date of this

Prospectus on a fully diluted basis. As a result of such issuances, Resulting Issuer Shareholders will be subject to potential dilution upon the exercise of the Non-Management Consulting Warrants and a potentially massive dilution should the maximum number of Performance Shares be issued. Additionally, the Resulting Issuer may issue and sell additional securities of the Resulting Issuer to finance its operations or future acquisitions. The Resulting Issuer cannot predict the size of future issuances of securities of the Resulting Issuer or the effect, if any, that future issuances and sales of securities will have on the market price of any securities of the Resulting Issuer issued and outstanding from time to time. Sales or issuances of substantial amounts of securities of the Resulting Issuer, or the perception that such sales could occur, may adversely affect prevailing market prices for securities of the Resulting Issuer issued and outstanding from time to time. With any additional sale or issuance of securities of the Resulting Issuer, holders will suffer dilution with respect to voting power and may experience dilution in the Resulting Issuer's earnings per share. Moreover, this Prospectus may create a perceived risk of dilution resulting in downward pressure on the price of the Resulting Issuer Shares, which could contribute to progressive declines in the prices of such securities.

### ***Issuance of Debt***

From time to time, the Resulting Issuer may enter into transactions to acquire assets or shares of other organizations. These transactions may be financed in whole or in part with debt, which may increase the Resulting Issuer's debt levels above industry standards. Depending on its plans, the Resulting Issuer may require additional debt financing that may not be available or, if available, may not be available on favourable terms. The articles of the Resulting Issuer do not limit the amount of indebtedness that the Resulting Issuer may incur. The level of the Resulting Issuer's indebtedness from time to time could impair the Resulting Issuer's ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

### ***Credit Facility Arrangements***

**There is no guarantee that the Resulting Issuer will have sufficient Trading Volume to allow for the Funding Commitment to be drawn down as needed or at all. In the event that the Resulting Issuer is unable to draw down on the Funding Commitment as required, the Resulting Issuer may require additional financing in order to carry out its current business and/or its proposed growth strategy.** Additionally, the ability of the Resulting Issuer to borrow money will be solely dependent on the terms imposed by any lender the Resulting Issuer has engaged or wishes to engage, including Alke. The lender may require the Resulting Issuer to comply with covenants which may, in certain cases, include certain financial ratio tests, which from time to time either affect the availability, or price, of funding required by the Resulting Issuer. Even if the Resulting Issuer is able to obtain additional financing, it may not be on commercially reasonable terms or terms that are acceptable to the Resulting Issuer.

### ***Alke Agreement***

The Resulting Issuer is a party to the Alke Agreement with Alke, which provides the Resulting Issuer with potential access to up to \$5,000,000 in capital, subject to the terms and conditions set forth in the Alke Agreement. The Resulting Issuer is required to comply with covenants under the Alke Agreement to access capital thereunder, which may, in certain cases, include obligations that may impose restrictions on its business or operations and affect the availability or price of additional funding; in the event the Resulting Issuer does not comply with such covenants, the Resulting Issuer's access to capital could be restricted. For information regarding the covenants under the Alke Agreement, see "*Information Concerning the Acquisition - Alke Agreement*".

Events beyond the control of the Resulting Issuer, such as market conditions, may contribute to the Resulting Issuer's failure to comply with its covenants or the conditions necessary for the Resulting Issuer to access capital in such amounts as required by the Resulting Issuer, or at all under the Alke Agreement. The Resulting Issuer is heavily reliant on its ability to access funds under the Alke Agreement to operate its business.

The Resulting Issuer has not yet satisfied the Alke Condition Precedents required to access capital under the Alke Agreement. There is no guarantee that the Resulting Issuer will satisfy the Alke Condition Precedents in an expedient manner or at all. Failure to satisfy the Alke Condition Precedents may result in the Resulting Issuer being

unable to access the necessary capital to operate or develop its business. Even if the Resulting Issuer is able to satisfy the Alke Condition Precedents, the Resulting Issuer is limited by the terms of the Alke Agreement with respect to the frequency and quantity of capital it can access under the Alke Agreement. The terms and amount of capital the Resulting Issuer may draw down from the credit facility under the Alke Agreement is limited by, *inter alia*, the trading price and volume at which the Resulting Issuer Shares may trade from time to time, as well as acceptance of the Drawdown Notice by Alke, among other limitations imposed by the Alke Agreement. Even if the Resulting Issuer exercises its rights under the Alke Agreement, there is no guarantee that Alke will have sufficient capital available to meet its funding obligations under the Alke Agreement. No independent investigations have been conducted to verify the liquidity or availability of funds to Alke. Additionally, the capital available to Alke to fund its obligations may vary significantly from time to time as it may direct its available funds towards other competing funding obligations. See "*Information Concerning the Acquisition - Alke Agreement*".

The credit facility granted under the Alke Agreement is a non-revolving commitment, and the maximum amount available under the Alke Agreement was determined by negotiation between Alke and the Company based on estimates as to the amount of capital the Resulting Issuer was anticipated to need to meet certain business objectives.

Furthermore, the Alke Agreement includes a maximum on the number of Resulting Issuer Shares that may be held by Alke from time to time. Alke may acquire or dispose of Resulting Issuer Shares in private transactions or on public markets without the knowledge of, or outside the control of, the Resulting Issuer, which may significantly affect the Company's ability to access capital under the Alke Agreement. If Alke acquires significant numbers of Resulting Issuer Shares from means beyond drawdowns pursuant to the Alke Agreement, the Resulting Issuer may be significantly limited in its ability to exercise drawdowns under the Alke Agreement.

The capital requirements of the Resulting Issuer are subject to change and there is no guarantee that the Resulting Issuer will be able to access sufficient capital to meet its business objectives even if the full facility under the Alke Agreement is accessible by the Resulting Issuer. There is no guarantee that the Resulting Issuer will be able to access sufficient capital to operate its business under the Alke Agreement at any time. If the Resulting Issuer is not able to draw down from the credit facility granted by the Alke Agreement, the Resulting Issuer may be required to seek alternative sources of funding. In order to access the credit facility granted under the Alke Agreement, the Resulting Issuer will be required to comply with the covenants thereunder, which from time to time may affect the availability or price of additional or alternative funding sources. In the event the Resulting Issuer does not comply with its covenants, the Resulting Issuer's access to capital generally may be restricted. There is no guarantee that the Resulting Issuer will be able to access alternative sources of funding, or, if such alternative sources are available, that such alternative funding will be made on commercially reasonable terms or terms acceptable to the Resulting Issuer.

The Resulting Issuer has set out certain model calculations indicating the capital that may be available to the Resulting Issuer pursuant to the Alke Agreement under certain example scenarios under "*Information Concerning the Acquisition - Alke Agreement*". Such example scenarios are based on model calculations prepared by the Resulting Issuer. There is no guarantee the ranges used by the Resulting Issuer to calculate such scenarios or the assumptions made by the Resulting Issuer in connection therewith will be accurate or correct. The sample calculations provide, in most cases, the maximum amount of capital accessible by the Resulting Issuer under the Alke Agreement based on possible trading volumes and trading prices of the Resulting Issuer Shares on the CSE. There is no guarantee the Resulting Issuer will be able to access such maximum amounts available or any funds whatsoever. The trading volume and trading prices in the model calculations are used in an illustrative capacity to show possible scenarios and are not indicative of future trading prices or volume. There is no guarantee that the Resulting Issuer will achieve such trading volumes or trading prices at any time or will be otherwise able to access the Funding Commitment at any time. Each drawdown under the Alke Agreement will result in dilution to the holders of Resulting Issuer Shares, which may result in downward pressure on the stock price of the Resulting Issuer and may impede the Resulting Issuer from further drawdowns under the Alke Agreement. See also "*Information Concerning the Resulting Issuer - Risk Factors - Additional Issuances and Dilution*".

Additionally, the Resulting Issuer may incur additional indebtedness in connection with future business transactions, or for working capital or other corporate purposes.

For information regarding the Alke Agreement, see “*Information Concerning the Acquisition - Alke Agreement*”.

### ***Cash Flow from Operations***

Since incorporation, neither the Company nor CITP have generated cash flow from operations and both have incurred certain operating losses. Such losses and negative operating cash flow are expected to continue. Neither the Company nor CITP can guarantee that the Resulting Issuer will attain or maintain positive cash flow status into the future. To the extent that the Resulting Issuer has negative cash flow in any future period, the Resulting Issuer will be reliant on any working capital and future equity financings to meet its cash flow requirements.

### ***Risks Associated with Acquisitions***

As part of the Resulting Issuer's overall business strategy, the Resulting Issuer may pursue select strategic acquisitions, which would provide additional product offerings, vertical integrations, additional industry expertise, and a stronger industry presence in both existing and new jurisdictions. Future acquisitions may expose it to potential risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; (c) the diversion of resources from the Resulting Issuer's existing business and technology; (d) potential inability to generate sufficient revenue to offset new costs; (e) the expenses of acquisitions; or (f) the potential loss of or harm to relationships with both employees and existing users resulting from its integration of new businesses. In addition, any proposed acquisitions may be subject to regulatory approval.

### ***Variations in Foreign Exchange Rates and Interest Rates***

As the Resulting Issuer will operate in or currently operates in various other countries which utilize non-Canadian currencies, including Australia, the revenue received by the Resulting Issuer will be materially affected by fluctuations in exchange rates. In recent years, the Canadian dollar has, at times, increased materially in value against other currencies. Material increases in the value of the Canadian dollar negatively impact the revenues of the Resulting Issuer. Future exchange rates could accordingly impact the future value of the Resulting Issuer's operations.

To the extent that the Resulting Issuer engages in risk management activities related to foreign exchange rates, there is a credit risk associated with counterparties with which the Resulting Issuer may contract. An increase in interest rates could result in a significant increase in the amount the Resulting Issuer pays to service debt, which could negatively impact the market price of the Resulting Issuer Shares.

### ***International Operations Risks***

The Resulting Issuer currently has international operations, and anticipates that it will market its products and services internationally. The Resulting Issuer's international business will be subject to risks resulting from differing legal and regulatory requirements, political, social and economic conditions, and unforeseeable developments in a variety of jurisdictions. The Resulting Issuer's international operations will be subject to particular risks in addition to those faced by its domestic operations, including:

- the need to localize and adapt its solutions for specific countries;
- requirements of foreign laws and other governmental controls, including compliance challenges related to the complexity of multiple, conflicting and changing governmental laws and including employment, healthcare, tax, privacy and data protection laws and regulations;
- data privacy laws that require customer data to be stored and processed in a designated territory;
- new and different sources of competition and laws, and business practices favoring local competitors;
- changes to economic sanctions laws and regulations;
- adverse tax consequences;
- fluctuations in currency exchange rates;
- different pricing environments, longer sales cycles, longer accounts receivable payment cycles and collection issues;

- difficulties in coordinating the activities of its geographically dispersed and culturally diverse operations; and
- any disruption in the ability of the Resulting Issuer's personnel to travel and expand international operations and to service international customers.

### ***Operating Costs***

Higher operating costs for underlying assets will directly decrease the amount of funds from operations received by the Resulting Issuer and, therefore, may reduce amounts available to carry out the Resulting Issuer's capital programs. Labour, electricity, technology upgrading, materials and asset acquisition, manufacturing, data storage, sales and marketing costs are examples of types of operating costs that are susceptible to price fluctuation.

Costs of operation and expansion may be difficult to predict for the Resulting Issuer. Higher than anticipated operating costs or longer than anticipated lead times and other unexpected expenditures may lead to decreases in the amount of funds available for operation and may hinder any capital expenditure programs proposed to be taken by the Resulting Issuer, as applicable.

Additionally, if the Listing is completed, the Resulting Issuer will incur significant additional legal, accounting and filing fees that, at present, are not required. Securities legislation and the rules and policies of the CSE require listed companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material information, all of which will significantly increase legal and financial compliance costs.

### ***Reliance on Management***

Equity-based awards are expected to comprise a key component of executive and senior management compensation, and if the price of the Resulting Issuer Shares declines or is volatile, it may be difficult to retain such individuals. The Resulting Issuer's retention and recruiting may require significant increases in compensation expense, which may adversely affect its results of operation.

### ***Limited Experience in Management of Publicly-Traded Company***

The Resulting Issuer's senior management team has limited experience managing a public company, and regulatory compliance may divert its attention from the day-to-day management of the Resulting Issuer's business.

The individuals who now constitute the Resulting Issuer's senior management team have limited experience managing a publicly-traded company and limited experience complying with the increasingly complex laws pertaining to public companies. The Resulting Issuer's senior management team may not successfully or efficiently manage the Resulting Issuer's transition to being a public company subject to significant regulatory oversight and reporting obligations under Canadian securities laws. In particular, these new obligations will require substantial attention from the Resulting Issuer's senior management and could divert their attention away from the day-to-day management of the Resulting Issuer's business.

### ***Eligibility for Registered Plans***

There is no assurance as to when, or if, the securities of the Resulting Issuer will be listed on any stock exchange. If the securities of the Resulting Issuer are not listed on a designated stock exchange in Canada at the time they are acquired or if the Resulting Issuer does not otherwise satisfy the conditions in the *Income Tax Act* (Canada) (the "**Tax Act**") to be a "public corporation", the securities of the Resulting Issuer will not be considered to be a qualified investment under the Tax Act for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a registered disability savings plan, a tax-free savings account and a deferred profit sharing plan (collectively, "**Registered Plans**") from their date of issue. Where a Registered Plan acquires a Resulting Issuer Share in circumstances where the securities of the Resulting Issuer are not a qualified investment under the Tax Act for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the annuitant, subscriber or holder (the "**Controlling Individual**") under the Registered

Plan, as the case may be, including that the Registered Plan may become subject to penalty taxes, the Controlling Individual of such Registered Plan may be deemed to have received income therefrom or be subject to a penalty tax or, in the case of a registered education savings plan, such plan may have its tax exempt status revoked.

### LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Resulting Issuer is not a party to any legal proceeding nor was it a party to, nor is or was any of its property the subject of any legal proceeding as of the date of this Prospectus.

See "*Information Concerning the Company - Legal Proceedings and Regulatory Actions*" and "*Information Concerning CITP - Legal Proceedings and Regulatory Actions*".

### INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of directors, senior officers, any person holding more than 10% of the Company Shares or CITP Shares, or any known associates or affiliates of such persons, in any transaction within the three most recently completed financial years or during the current financial year, or in any proposed transaction which has materially affected or is reasonably expected to materially affect the Company or CITP.

See "*Information Concerning the Company - Interests of Management and Others in Material Transactions*" and "*Information Concerning CITP- Interests of Management and Others in Material Transactions*".

### USE OF AVAILABLE FUNDS BY THE RESULTING ISSUER

The Company is not raising any funds in conjunction with this Prospectus. Accordingly, there are no proceeds to the Company, CITP or the Resulting Issuer in connection with the filing of this Prospectus. Since no securities are being offered pursuant to this Prospectus, no proceeds will be raised and all expenses in connection with the preparation and filing of this Prospectus will be paid by the Company from its working capital. The Resulting Issuer's management will have substantial discretion concerning the use of available funds. Management may use the available funds in ways that an investor may not consider desirable. See "*Information Concerning the Resulting Issuer - Risk Factors - Discretion Concerning the Use of Available Funds*".

### FUNDS AVAILABLE AND USE OF AVAILABLE FUNDS

As at January 31, 2023, the most recent month end before the date of this Prospectus, the Company had an estimated working capital of \$164,925, and CITP had an estimated working capital of A\$65,137, which is equal to \$60,265 based on the Current Exchange Rate, resulting in an aggregate estimated *pro forma* working capital of the Resulting Issuer of \$225,190 (the "**Working Capital**").

The Company closed the Special Warrant Financing on February 8, 2023, resulting in aggregate gross proceeds of \$1,218,750 (together with the Working Capital, the "**Available Funds**").

Excluding the Funding Commitment, the Resulting Issuer estimates that on Listing, an aggregate of \$1,443,940 will be available. It is anticipated that the Resulting Issuer will have sufficient cash and cash equivalents to meet its ongoing obligations and objectives for the next 12 months without accessing the Funding Commitment:

Development Phase	Estimated amounts
Phase one of production of two client trial SDS units	A\$105,000 <sup>(1)(2)</sup>
General and administrative costs	A\$913,183
Unallocated working capital	A\$542,495.24 <sup>(3)</sup>
<b>TOTAL:</b>	<b>A\$1,560,678.24<sup>(4)</sup></b>

**Notes:**

- (1) Comprised of costs associated with: (i) the order and purchase of long lead items (A\$105,000); and (ii) the issue of tenders for the production of the steel components (A\$nil).
- (2) The Resulting Issuer anticipates that phase two of the production will be comprised of costs associated with: (i) steel fabrication of structure (A\$305,000); (ii) lithium batteries (A\$45,000); (iii) air conditioners and generators (A\$35,000); and (iv) miscellaneous items such as hydraulics, wiring, control room, computer racks, and solar panels (A\$70,000). The Resulting Issuer also anticipates that it will establish the NOC and complete the factory fit out for volume production of the SDS units as funding permits. See "*Information Concerning CITP - Business of CITP - Steps Required to Reach Commercial Production - CITP Development Budget Overview*" and "*Information Concerning the Resulting Issuer - Use of Available Funds by the Resulting Issuer - Business Objectives and Milestones*".
- (3) Equals to A\$1,560,678, being the Available Funds converted into Australian funds based on the Current Exchange Rate, minus A\$1,018,183 (which is the sum of phase one of production of two client trial SDS units and general and administrative costs).
- (4) Approximately \$1,443,940 converted into Canadian funds based on the Current Exchange Rate.

While the Company and CITP currently anticipate that the Resulting Issuer will use the Available Funds as set forth above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Resulting Issuer to achieve its objectives. The Resulting Issuer may require additional funds in order to fulfill all of its expenditure requirements to meet its business objectives and may either issue additional securities or incur debt. There can be no assurance that additional funding required by the Resulting Issuer will be available, if required. Also see "*Information Concerning the Resulting Issuer - Risk Factors - Discretion Concerning the Use of Available Funds*".

The Company and CITP estimate that the Available Funds will be sufficient to meet the Resulting Issuer's administrative costs for the 12-month period following the Acquisition. Estimated administrative costs for such 12-month period are described in the table below.

<b>Estimated general and administrative costs for 12-month period</b>	<b>Estimated amounts</b>
Audit fees	A\$15,000
Marketing fees	A\$10,000
Legal fees	A\$10,000
Consulting fees	A\$160,000
Salaries	A\$535,183 <sup>(1)</sup>
Director/officer fees	A\$18,000
Offices, rent and other	A\$140,000
Regulatory and filing fees	A\$15,000
Travel expenses	A\$10,000
<b>TOTAL:</b>	<b>A\$913,183<sup>(2)</sup></b>

**Notes:**

- (1) Anticipated costs associated with the salaries of individuals involved in the research and development of CITP's products.
- (2) Approximately \$844,877 converted into Canadian funds based on the Current Exchange Rate.

**NEGATIVE OPERATING CASH FLOW**

Since incorporation, neither the Company nor CITP have generated cash flow from operations and both have incurred certain operating losses. Such losses and negative operating cash flow are expected to continue. Although the Company and CITP have allocated amounts to fund the Resulting Issuer's ongoing operations for a period of 12 months, thereafter the Resulting Issuer will be reliant on any working capital and future equity financings for its funding requirements.

## BUSINESS OBJECTIVES AND MILESTONES

The following table sets out the business objectives and associated costs for the indicated time periods:

Business objectives	Estimated expenditure	Anticipated time period
Phase one of production of two client trial SDS units	A\$105,000 <sup>(1)</sup>	0 – 12 months
Phase two of production of two client trial SDS units	A\$455,000 <sup>(2)</sup>	As funding permits
Establishment of the NOC	A\$50,000 <sup>(2)</sup>	As funding permits
Factory fit out for volume production of the SDS units	A\$50,000 <sup>(2)</sup>	As funding permits
<b>TOTAL</b>	<b>A\$660,000<sup>(3)</sup></b>	

**Notes:**

- (1) Comprised of costs associated with: (i) the order and purchase of long lead items (A\$105,000); and (ii) the issue of tenders for the production of the steel components (A\$nil).
- (2) The Resulting Issuer anticipates that phase two of the production will be comprised of costs associated with: (i) steel fabrication of structure (A\$305,000); (ii) lithium batteries (A\$45,000); (iii) air conditioners and generators (A\$35,000); and (iv) miscellaneous items such as hydraulics, wiring, control room, computer racks, and solar panels (A\$70,000). The Resulting Issuer also anticipates that it will establish the NOC and complete the factory fit out for volume production of the SDS units as funding permits, which may be in part financed by a drawdown on the Radium Loan and the balance of the R&D Rebate after repayment of loan from Foresense Ltd. However, **none of the aforementioned sources of financing is guaranteed and the completion of phase two is entirely dependent on additional access to capital.** See "Information Concerning CITP - Business of CITP - Three-Year History of CITP" and "Information Concerning CITP - Business of CITP - Steps Required to Reach Commercial Production - CITP Development Budget Overview".
- (3) Approximately \$610,632 converted into Canadian funds based on the Current Exchange Rate.

## AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditor of the Company is Davidson & Company LLP, at its offices located at 1200 – 609 Granville Street, Pacific Centre, Vancouver, British Columbia, Canada V7Y 1G6; the auditor of CITP is Elderton Audit Pty Ltd., at its offices located at Level 2, 267 St. Georges Terrace, Perth, West Australia 6000; and the auditor of the Resulting Issuer is Davidson & Company LLP, at its offices located at 1200 – 609 Granville Street, Pacific Centre, Vancouver, British Columbia, Canada V7Y 1G6. Davidson & Company LLP have advised that they are independent of the Company within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia, and Elderton Audit Pty Ltd. have advised that they are independent of CITP within the meaning of the independence declaration required by the Corporations Act 2001 of Australia.

Elderton Audit Pty Ltd. audited the financial statements of CITP for the years ended June 30, 2022, and 2021, and issued an auditor's report dated March 17, 2022. Elderton Audit Pty Ltd. was not required by securities legislation to enter, and had not entered, into a participation agreement with the Canadian Public Accountability Board. An audit firm that enters into a participation agreement is subject to the oversight program of the Canadian Public Accountability Board.

The transfer agent and registrar for the Resulting Issuer Shares is expected to be Odyssey Trust Company, located at 350 - 409 Granville St, Vancouver, British Columbia V6C 1T2.

## MATERIAL CONTRACTS

Except for material contracts entered into in the ordinary course of business, set out below are the material contracts which the Company entered into prior to or since the date of incorporation of the Company, or which CITP entered into within two years of the date of this Prospectus and considered material to the Resulting Issuer. The below material contracts are available for review under the Resulting Issuer's profile on SEDAR at [www.sedar.com](http://www.sedar.com):

- the Code adopted by the Company Board on May 20, 2022;
- the Equity Incentive Plan adopted by the Company Board on March 31, 2022, and approved by the Company Shareholders on May 13, 2022;

- the Alke Agreement dated April 30, 2022;
- the Actium Engagement Letter dated May 13, 2021, as amended by an amending agreement dated December 1, 2023;
- the Share Purchase Agreement dated as of December 14, 2021, as amended by an acknowledgement, waiver and amending agreement dated July 20, 2022, a second amending agreement dated December 20, 2022, a third amending agreement dated January 13, 2023, and a fourth amending agreement dated January 27, 2023;
- the Management Consulting Agreements, each dated February 13, 2023;
- the Non-Management Consulting Agreements, each dated February 13, 2023; and
- the Escrow Agreement dated February 13, 2023.

### **EXPERTS**

The following professional persons have prepared reports or have provided opinions that are either included in or referred to in this Prospectus: Davidson & Company LLP, as auditor of the Company, and Elderton Audit Pty Ltd., as auditor of CITP.

No person or company who is named as having prepared or certified a part of this Prospectus, or prepared or certified a report or valuation described or included in this Prospectus, has any direct or indirect registered or beneficial interest in the securities or any other property of the Company, CITP or any associate or affiliate of the Company or CITP, and no such person is or is expected to be elected, appointed or employed as director, officer or employee of the Company or CITP.

### **OTHER MATERIAL FACTS**

There are no other material facts relating to the securities of the Company, CITP or the Resulting Issuer that are not disclosed in this Prospectus.

### **ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS**

CITP and Elderton Audit Pty Ltd., the auditor of CITP, are both incorporated under the laws of a foreign jurisdiction. Brenton Scott, the Chief Executive Officer and a director of the Resulting Issuer, Andrew Hill, the Chief Technology Officer and a director of the Resulting Issuer, and Imants Kins, a director of the Resulting Issuer, each reside outside of Canada. Each of the foregoing persons has appointed MLT Aikins LLP, located at 2600 – 1066 West Hastings Street, Vancouver, British Columbia V6E 3X1, as its agent for service of process. Investors are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or that resides outside of Canada, even if the party has appointed an agent for service of process.

### **RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In British Columbia, the securities legislation further provides a purchaser with remedies for rescission or revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE PERIOD ENDED DECEMBER 31, 2021

# **1319275 B.C. LTD**

Financial Statements  
(Expressed in Canadian Dollars)

For the period from incorporation on  
August 11, 2021 to December 31, 2021

## INDEPENDENT AUDITOR'S REPORT

To the Directors of  
1319275 B.C. Ltd.

### *Opinion*

We have audited the accompanying financial statements of 1319275 B.C. Ltd. (the "Company"), which comprise the statement of financial position as at December 31, 2021, and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the period from incorporation on August 11, 2021 to December 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the period from incorporation on August 11, 2021 to December 31, 2021, in accordance with International Financial Reporting Standards ("IFRS").

### *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 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 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 in our audit is sufficient and appropriate to provide a basis for our opinion.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 of the financial statements, which indicates that the Company incurred a net loss of \$133,418 during the period from incorporation on August 11, 2021 to December 31, 2021. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### *Other Information*

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the 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 Financial Statements***

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

February 13, 2023

**1319275 B.C. LTD**

## Statement of Financial Position

As at December 31, 2021

(Expressed in Canadian dollars)

	As at December 31, 2021	
<b>Assets</b>		
Current Assets		
Cash	\$	14,632
Loan receivable (Note 11)		50,000
<b>Total Assets</b>	<b>\$</b>	<b>64,632</b>
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$	10,000
		10,000
Shareholders' Equity		
Share capital (Note 6)		50,050
Shares to be issued (Note 6)		138,000
Deficit		(133,418)
		54,632
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$</b>	<b>64,632</b>

Nature of business and continuing operations (Note 1)

Proposed Transaction (Note 11)

Subsequent Events (Note 12)

Approved on Behalf of the Board on February 10, 2023:

"Faramarz Haddadi"

Faramarz Haddadi – CEO/Director

"Shao Bo LU"

Shao Bo LU – CFO/Director

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

**1319275 B.C. LTD**

## Statement of Loss and Comprehensive Loss

For the period from incorporation on August 11, 2021 to December 31, 2021

(Expressed in Canadian dollars)

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	<b>Period from incorporation on August 11, 2021 to December 31, 2021</b>
<b>Expenses</b>	
Advisory fees	\$ 121,239
General and Admin fees	344
Professional fees	11,835
	<b>(133,418)</b>
<b>Loss and comprehensive loss for the period</b>	<b>\$ (133,418)</b>
<b>Weighted average number of common shares outstanding— basic and diluted (Note 7)</b>	<b>5,218,310</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.03)</b>

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

**1319275 B.C. LTD**

## Statement of Changes in Shareholders' Equity

For the period from incorporation on August 11, 2021 to December 31, 2021

(Expressed in Canadian dollars)

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	Share Capital			Deficit	Total Shareholders' Equity
	Number	Amount	Shares to be issued		
<b>Balance, (incorporation) – August 11, 2021</b>	-	\$ -	\$ -	\$ -	\$ -
Common shares issued	10,500,000	50,050	-	-	50,050
Shares to be issued	-	-	138,000	-	138,000
Loss for the period	-	-	-	(133,418)	(133,418)
<b>Balance, December 31, 2021</b>	<b>10,500,000</b>	<b>\$ 50,050</b>	<b>\$ 138,000</b>	<b>\$ (133,418)</b>	<b>\$ 54,632</b>

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

**1319275 B.C. LTD**

## Statement of Cash Flows

For the period from incorporation on August 11, 2021 to December 31, 2021

(Expressed in Canadian dollars)

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	<b>For the period from incorporation on August 11, 2021 to December 31, 2021</b>
<b>Cash provided by (used for):</b>	
<b>Operating Activities:</b>	
Loss for the period	\$ (133,418)
Items not involving cash:	
Net change in non-cash working capital items:	
Accounts payable and accrued liabilities	10,000
	<b>(123,418)</b>
<b>Investing Activity:</b>	
Loan receivable	(50,000)
	<b>(50,000)</b>
<b>Financing Activity:</b>	
Proceeds from share issuance (Note 6b)	50,050
Proceeds from shares to be issued	138,000
	<b>188,050</b>
<b>Change in cash for the period</b>	<b>14,632</b>
<b>Cash, beginning of the period</b>	-
<b>Cash, end of the period</b>	<b>\$ 14,632</b>
<b>Supplemental information:</b>	
Interest paid	\$ -
Income taxes	\$ -

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

## **1319275 B.C. LTD**

### Notes to the Financial Statements

For the period from incorporation on August 11, 2021 to December 31, 2021

(Expressed in Canadian dollars)

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#### **1. NATURE OF BUSINESS AND CONTINUING OPERATIONS**

1319275 B.C. Ltd (the “Company” or “1319275 B.C. Ltd”) was incorporated under the British Columbia Business Corporations Act 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.

The Company is currently investigating and evaluating business opportunities to either acquire or in which to participate. On December 14, 2021 the Company entered into a proposed transaction, see Note 11.

The Company has an accumulated deficit of \$133,418 as at December 31, 2021. The Company's ability to continue its operations is dependent upon obtaining additional financing sufficient to cover its operating costs. All the preceding indicates the existence of a material uncertainty that may cast substantial doubt about the Company’s ability to continue as a going concern. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

#### **2. STATEMENT OF COMPLIANCE**

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

#### **3. BASIS OF PRESENTATION**

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. The financial statements are presented in Canadian dollars, which is also the functional currency of the Company. In addition, the financial statements have been prepared using the accrual basis of accounting except for cash flow information. The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in.

#### **4. SIGNIFICANT ACCOUNTING POLICIES**

##### **(a) Income taxes**

Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity.

#### **4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Income taxes (continued)**

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period applicable to the period of expected realization or settlement.

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

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

##### **(b) Share capital**

Common shares are classified as shareholders' equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

##### **(c) Basic and diluted loss per share**

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. Contingently issuable shares are not considered outstanding common shares and consequently are not included in loss per share calculations.

##### **(d) Financial instrument measurement and valuation**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

#### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Financial instrument measurement and valuation (continued)

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

The measurement of the Company's financial instruments is disclosed in Note 10 to these financial statements. Any financial instrument that is valued using level 2 or 3 inputs will involve estimation uncertainty.

##### Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

The Company's accounting policy for each of the categories is as follows:

**Financial assets at FVTPL:** Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed to profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in profit or loss in the period.

**Financial assets at FVTOCI:** Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss) in which they arise.

**Financial assets at amortized cost:** A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

**Impairment of financial assets at amortized cost:** The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in

#### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Impairment of financial assets at amortized cost (continued)

credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

**Financial liabilities and equity:** Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recorded at the proceeds received, net of direct issue costs.

##### (e) Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, and expenses. Estimates and associated assumptions applied in determining asset or liability values are based on historical experience and various other factors including other sources that are believed to be reasonable under the circumstances but are not necessarily readily apparent or recognizable at the time such estimate or assumption is made. Actual results may differ from these estimates.

Estimates and underlying assumptions used in determining asset and liability values are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

##### (f) Critical accounting estimates and judgements (continued)

Information about critical accounting estimates and 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 financial statements are discussed below:

###### *Judgements*

###### **Going Concern**

The preparation of the financial statements requires management to make judgments regarding the going concern of the Company.

#### **4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### *Estimates*

##### **Deferred tax assets and liabilities**

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

#### **5. RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

As of December 31, 2021, \$nil was due to related parties.

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has identified its directors and certain senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them are recorded at their exchange amounts as agreed upon by transacting parties.

During the period from incorporation on August 11, 2021 to December 31, 2021, \$nil was recorded as compensation costs for key management personnel and companies related to them.

#### **6. SHARE CAPITAL**

##### **(a) Authorized**

Unlimited number of common and preferred shares without par value.

##### **(b) Issued and outstanding**

On August 11, 2021 1319275 B.C. Ltd issued 500,000 common shares at \$0.0001 per share.

**1319275 B.C. LTD**

## Notes to the Financial Statements

For the period from incorporation on August 11, 2021 to December 31, 2021

(Expressed in Canadian dollars)

On October 25, 2021 1319275 B.C. Ltd issued 10,000,000 units at a price per unit of \$0.005. Each unit comprised of one common share and one-half of one common share purchase warrant. Each Warrant is exercisable to acquire one common Share at a price of \$0.10 (subsequently amended to an exercise price of \$0.30) per share until October 25, 2026. The value of the issued warrants are \$nil.

As at December 31, 2021, the issued share capital was comprised of 10,500,000 common shares.

	Number of Shares	Amount \$
<b>Balance, (incorporation) August 11, 2021</b>	-	-
August 11, 2021 – share issuance	500,000	50
October 25, 2021 – share issuance	10,000,000	50,000
<b>Balance, December 31, 2021</b>	<b>10,500,000</b>	<b>50,050</b>

**7. BASIC AND DILUTED LOSS PER SHARE**

The calculation of basic and diluted loss per share for the period ended December 31, 2021 was based on the loss attributable to common shareholders of \$133,418 and the weighted average number of common shares outstanding of 5,218,310.

**8. INCOME TAXES**

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2021
<b>Loss before income taxes</b>	<b>\$ (133,418)</b>
<b>Expected income tax (recovery) at statutory rates</b>	<b>\$ (36,000)</b>
<b>Change in unrecognized deductible temporary differences</b>	<b>36,000</b>
<b>Income tax expense (recovery)</b>	<b>\$ -</b>

The significant components of the Company's deferred income tax assets that have not been included on the statement of financial position are as follows:

	2021
<b>Deferred tax assets (liabilities)</b>	

**1319275 B.C. LTD**

## Notes to the Financial Statements

For the period from incorporation on August 11, 2021 to December 31, 2021

(Expressed in Canadian dollars)

<b>Non-capital losses available for future periods</b>	<b>36,000</b>
<b>Unrecognized deferred tax assets</b>	<b>(36,000)</b>
<b>Net deferred tax assets</b>	<b>\$ -</b>

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the Company's statement of financial position are as follows:

	<b>2021</b>	Expiry Date
<b>Temporary Differences</b>	<b>\$</b>	
Non-capital losses available for future periods	36,000	2041

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

**9. MANAGEMENT OF CAPITAL**

The Company defines capital as consisting of shareholder's equity (comprised of issued share capital, share-based payment reserve, and deficit). Management's objective is to provide investment management services to shareholders which includes investing in marketable securities for the purpose of returns in the form of investment income and capital appreciation, as well as the ability to meet its on-going operational obligations as they become due.

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. As at December 31, 2021 the Company is not subject to any externally imposed capital requirements or debt covenants.

**10. FINANCIAL INSTRUMENTS**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

**Market Risk**

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk and are disclosed as follows:

**1319275 B.C. LTD**

## Notes to the Financial Statements

For the period from incorporation on August 11, 2021 to December 31, 2021

(Expressed in Canadian dollars)

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**(i) 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. The Company holds no financial instruments that are denominated in a currency other than Canadian dollars. As at December 31, 2021, the Company is not exposed to currency risk.

**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in interest rates. The Company's sensitivity to interest rates relative to its cash balances is currently immaterial. The Company also has no long-term debt with variable interest rates, so it has no negative exposure to changes in the market interest rate.

**(iii) Price rate risk**

The Company has no exposure to price risk with respect to equity prices as the Company is not listed. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

**Credit Risk**

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions. Management believes that the credit risk related to its cash is negligible.

**Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. At December 31, 2021, the Company has a cash balance of \$14,632 to settle current liabilities of \$10,000. As such, the Company has insufficient cash to fund corporate overhead costs for the next year.

The Company likely has insufficient funds from which to finance any identified business acquisition and as such will require additional financing to accomplish the Company's long-term strategic objectives. Future funding may be obtained by means of issuing share capital and/or debt financing. There can be no certainty of the Company's ability to raise additional financing through these means. If the Company is unable to continue to finance itself through these means, it is possible that the Company will be unable to continue as a going concern. Consequently, the Company is exposed to liquidity risk as at December 31, 2021.

**Fair Value Measurements**

The fair value of cash is determined based on Level 1 inputs.

## 1319275 B.C. LTD

### Notes to the Financial Statements

For the period from incorporation on August 11, 2021 to December 31, 2021

(Expressed in Canadian dollars)

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As at December 31, 2021 the Company's financial instruments consist of cash, Loan receivable, and accounts payable and accrued liabilities. Loan receivable is classified as amortized cost. Accounts payable and accrued liabilities are classified as amortized cost. The fair values of these financial instruments approximate their carrying values because of their short-term nature.

#### 10. PROPOSED TRANSACTION

On December 14, 2021 the Company signed a Share Purchase Agreement with Critical Infrastructure Technologies Pty Ltd. ("CiTech"), as subsequently amended, by which the Company would acquire all of the issued and outstanding shares of CiTech in exchange for common shares of the Company. CiTech is an Australian company focused on developing communications products for the mining, emergency service, defence and government sectors.

On December 17, 2021, the company entered into a loan agreement to extend \$50,000 to CiTech with a maturity date of December 17, 2022. On March 31, 2022, the company entered into a second loan agreement to extend up to \$150,000 to CiTech, with a maturity date of July 31, 2023. Furthermore, on February 2, 2023, the company entered into a third loan agreement to extend up to \$100,000 to CiTech, with a maturity date of July 31, 2023. All three loan agreements are interest-free until the respective maturity dates, after which they will accrue interest at a rate of 10% per annum for each loan. No repayments have been made by CiTech to the Company to date.

On February 8, 2023, the company issued 4,062,500 special warrants at a price of \$0.30 each, generating aggregate gross proceeds of \$1,218,750. Each unexercised special warrant will automatically convert on the earlier of the "Qualification Date" (when the applicable securities commissions issue a receipt for the Company's final long form prospectus) or June 1, 2023. If no special warrants are exercised prior to conversion, the resulting issuer (post acquisition of CiTech by the Company) will issue 4,062,500 special warrant shares for no additional consideration.

#### 11. SUBSEQUENT EVENTS

On February 28, 2022, the Company completed a non-brokered private placement of 14,400,000 common share of \$0.02 per share, for gross proceeds of \$288,000. No finder's fees were paid in connection with such private placement.

On March 31, 2022, the Company completed a non-brokered private placement of 1,000,000 common Share of \$0.15 per share, for gross proceeds of \$150,000. No finder's fees were paid in connection with such private placement.

On April 30, 2022, the Company and Alke Capital Limited ("Alke") entered into the investment and advisory agreement (the "Alke Agreement"). Pursuant to the Alke Agreement, Alke will (a) provide certain advisory services to the Company, ("Alke Advisory Services"), and (b) make available to the Company a non-revolving equity drawdown facility in the aggregate amount of up to \$5,000,000 (the "Funding Commitment").

**1319275 B.C. LTD**

## Notes to the Financial Statements

For the period from incorporation on August 11, 2021 to December 31, 2021

(Expressed in Canadian dollars)

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The Funding Commitment is for an aggregate amount of \$5,000,000 and a term of three years. In addition, the Company may use the Funding Commitment as security, with the consent of Alke, to secure additional financing avenues if it so chooses. Upon listing of its common shares on the Canadian Stock Exchange (the "Listing") and under the terms of the Alke Agreement, the Company can immediately start drawing down funds from the \$5,000,000 Funding Commitment during the three-year term at the Company's discretion by providing a notice to Alke (a "Alke Drawdown Notice").

The Alke Advisory Services include (a) advisory services with respect to general corporate and public company matters; (b) assistance in identifying strategic investment opportunities for the Company; and (c) such other services as agreed to by the Company and Alke in writing from time-to-time. The Alke Advisory Services provided by Alke including compensation related to any specific services to the Company pursuant to the Alke Agreement will be on a project specific basis. In connection with the provision of the Alke Advisory Services, the Company paid an initial fee of \$2,500, paid by issuance of 50,000 shares (0.05 per share)

Additionally, the Company paid to Alke a commitment fee of \$225,000, equal to 4.5% of the Funding Commitment, paid by issuance of 4,500,000 shares (0.05) per share, and issued 5,673,902 common share purchase warrants. The warrants will be exercisable by Alke for three years from the date of issuance to April 30, 2025 at a price per share equal to \$0.30.

On May 18, 2022, the Company completed a non-brokered private placement of 500,000 common share of \$0.24 per share, for gross proceeds of \$120,000. No finder's fees were paid in connection with such private placement.

On May 20, 2022, the Company granted 300,000 stock options, each exercisable to acquire one common share at the price of \$0.24 until May 20, 2027.

**APPENDIX B**

**UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE COMPANY FOR THE  
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022**

# **1319275 B.C. LTD**

Condensed Interim Financial Statements  
(Expressed in Canadian Dollars)

For the Three and Nine Months Ended September 30, 2022 and  
for the period from incorporation on  
August 11, 2021 to September 30, 2021

**1319275 B.C. LTD**

## Condensed Interim Statement of Financial Position

(Expressed in Canadian dollars)

	As at September 30, 2022	As at December 31, 2021
<b>Assets</b>		
Current Assets		
Cash	\$ 15,115	14,632
Loan receivable (Note 6)	200,000	50,000
<b>Total Assets</b>	<b>\$ 215,115</b>	<b>64,632</b>
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 76,543	10,000
	76,543	10,000
Shareholders' Equity		
Share capital (Note 5)	835,550	50,050
Shares to be issued (Note 5)	-	138,000
Reserves (Note 5)	132,239	-
Deficit	(829,217)	(133,418)
	138,572	54,632
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 215,115</b>	<b>64,632</b>

Nature of business and continuing operations (Note 1)

Proposed Transaction (Note 11)

Approved on Behalf of the Board on February 10, 2023:

"Faramarz Haddadi"  
Faramarz Haddadi – CEO/Director

"Shao Bo LU"  
Shao Bo LU – CFO/Director

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

**1319275 B.C. LTD**

## Condensed Interim Statement of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

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	For the three months ended September 30, 2022	For the nine months ended September 30, 2022	For the period from incorporation on August 11, 2021 to September 30, 2021
<b>Expenses</b>			
Advisory and Investment fees (Note 7)	\$ -	\$422,968	\$ -
General and Admin fees	1,167	1,805	-
Professional fees	108,074	216,755	-
Share based compensation (Note 4, 5)	-	54,271	-
	(109,241)	(695,799)	-
<b>Loss and comprehensive loss for the period</b>			
	\$ (109,241)	\$ (695,799)	\$ -
<b>Weighted average number of common shares outstanding – basic and diluted (Note 8)</b>			
	30,950,000	25,255,495	500,000
<b>Basic and diluted loss per share</b>	\$ (0.02)	\$ (0.02)	\$ 0.0

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

**1319275 B.C. LTD**

## Statement of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	Share Capital		Shares to be issued	Reserves	Deficit	Total Shareholders' Equity
	Number	Amount				
<b>Balance, December 31, 2021</b>	<b>10,500,000</b>	<b>\$ 50,050</b>	<b>\$ 138,000</b>	<b>\$ -</b>	<b>\$ (133,418)</b>	<b>\$ 54,632</b>
Common shares issued (Note 5)	15,900,000	558,000	(138,000)	-	-	420,000
Common shares issued for services (Note 5,7)	4,550,000	227,500	-	-	-	227,500
Warrants issued (Note 5,7)	-	-	-	77,968	-	77,968
Share based compensation (Note 5)	-	-	-	54,271	-	54,271
Loss for the period	-	-	-	-	(695,799)	(695,799)
<b>Balance, September 30, 2022</b>	<b>30,950,000</b>	<b>\$ 835,550</b>	<b>\$ -</b>	<b>\$ 132,239</b>	<b>\$ (829,217)</b>	<b>\$ 138,572</b>
<b>Balance, (incorporation) – August 11, 2021</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Common shares issued	500,000	50	-	-	-	50
Loss for the period	-	-	-	-	-	-
<b>Balance, September 30, 2021</b>	<b>\$ 500,000</b>	<b>\$ 50</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 50</b>

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

**1319275 B.C. LTD**

## Statement of Cash Flows

(Expressed in Canadian dollars)

	For the nine months ended September 30, 2022	For the period from incorporation on August 11, 2021 to September 30, 2021
<b>Cash provided by (used for):</b>		
<b>Operating Activities:</b>		
Loss for the period	\$ (695,799)	\$ -
Items not involving cash:		
Warrants issued (Note 5,7)	77,968	-
Share based compensation (Note 5)	54,271	-
Investment fees (Note 5,7)	227,500	-
Net change in non-cash working capital items:		
Accounts payable and accrued liabilities	66,543	-
	<b>(269,517)</b>	
<b>Investing Activity:</b>		
Loan receivable (Note 6)	(150,000)	-
	<b>(150,000)</b>	
<b>Financing Activity:</b>		
Proceeds from share issuance (Note 5b)	420,000	-
	<b>420,000</b>	
<b>Change in cash for the period</b>	<b>483</b>	<b>-</b>
<b>Cash, beginning of the period</b>	<b>14,632</b>	<b>-</b>
<b>Cash, end of the period</b>	<b>\$ 15,115</b>	<b>-</b>
<b>Supplemental information:</b>		
Interest paid	\$ -	-
Income taxes	\$ -	-
Share Subscription Receivable	\$ -	50

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

## **1319275 B.C. LTD**

Notes to the Financial Statements

For the nine months ended September 30, 2022

(Expressed in Canadian dollars)

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### **1. NATURE OF BUSINESS AND CONTINUING OPERATIONS**

1319275 B.C. Ltd (the “Company” or “1319275 B.C. Ltd”) was incorporated under the British Columbia Business Corporations Act 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.

The Company is currently investigating and evaluating business opportunities to either acquire or in which to participate.

The Company has an accumulated deficit of \$829,217 as at September 30, 2022. The Company's ability to continue its operations is dependent upon obtaining additional financing sufficient to cover its operating costs. All the preceding indicates the existence of a material uncertainty that may cast substantial doubt about the Company’s ability to continue as a going concern. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

### **2. STATEMENT OF COMPLIANCE**

These condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all the information required for full annual financial statements.

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

### **3. BASIS OF PRESENTATION**

These condensed interim financial statements should be read in conjunction with the Company's audited financial statements as at December 31, 2021 and for the period from incorporation on August 11, 2021 to December 31, 2021.

We applied the same accounting policies in these condensed interim financial statements as those applied in the Company’s audited financial as at December 31, 2021 and for the period from incorporation on August 11, 2021 to December 31, 2021, except as noted herein. In preparing these condensed interim financial statements, the significant judgements we made in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited financial statements for the period ended December 31, 2021.

## 1319275 B.C. LTD

### Notes to the Financial Statements

For the nine months ended September 30, 2022

(Expressed in Canadian dollars)

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#### 4. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

As of September 30, 2022, \$nil was due to related parties (December 31, 2021 - \$nil).

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has identified its directors and certain senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them are recorded at their exchange amounts as agreed upon by transacting parties.

During the nine months ended September 30, 2022, \$54,271 was recorded as share based compensation costs for key management personnel and companies related to them.

#### 5. SHARE CAPITAL

##### (a) Authorized

Unlimited number of common and preferred shares without par value.

##### (b) Issued and outstanding

On February 28, 2022, the Company issued 14,400,000 common shares at \$0.02 per share for gross proceeds of \$288,000. Of these total proceeds, the Company had previously received \$88,000 during the year ended December 31, 2021.

On March 31, 2022 the Company issued 1,000,000 common shares at \$0.15 per share for gross proceeds of \$150,000.

On April 30, 2022 the Company paid to Alke Capital Limited a commitment fee of 4,550,000 common shares at \$0.05 per share (Note 7) and issued 5,673,902 common share purchase warrants. The warrants will be exercisable by Alke for three years from the date of issuance to April 30, 2025 at a price per share equal to \$0.30 (Note 6c). The value of the issued warrants is \$77,968. The following weighted-average assumptions have been used for the Black-Scholes valuation for the warrants granted: risk-free interest rate – 2.66%; expected life – 3; expected volatility – 100% and expected dividends – nil.

On May 18, 2022 the Company issued 500,000 common shares at \$0.24 per share for gross proceeds of \$120,000. Of these total proceeds, the Company had previously received \$50,000 during the year ended December 31, 2021.

**1319275 B.C. LTD**

## Notes to the Financial Statements

For the nine months ended September 30, 2022

(Expressed in Canadian dollars)

As at September 30, 2022, the issued share capital was comprised of 30,950,000 common shares.

	Number of Shares	Amount \$
<b>December 31, 2021</b>	<b>10,500,000</b>	<b>\$50,050</b>
February 28, 2022 – share issuance	14,400,000	288,000
March 31, 2022 – share issuance	1,000,000	150,000
April 30, 2022 – share issuance for services	4,550,000	227,500
May 18, 2022 – share issuance	500,000	120,000
<b>Balance, September 30, 2022</b>	<b>30,950,000</b>	<b>835,550</b>

**(c) Warrants**

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

	Number of warrants	Weighted Average Exercise Price
Balance, December 31, 2021	5,000,000	\$ 0.10
Granted	5,673,902	0.30
<b>Balance, September 30, 2022</b>	<b>10,673,902</b>	<b>\$0.21</b>

As at September 30, 2022, outstanding warrants were as follows:

Grant Date	Number of warrants outstanding and exercisable	Exercise Price	Expiry date	Remaining contractual life (years)
October 25, 2021	5,000,000	\$0.10 <sup>1</sup>	October 25, 2026	4.32
April 30, 2022	5,673,902	\$0.30	April 30, 2025	2.84
<b>Total</b>	<b>10,673,902</b>	<b>\$0.21</b>		<b>3.53</b>

**(d) Options**

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

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2021	-	\$ -
Granted	300,000	0.24

<sup>1</sup> These warrants were re-priced from \$0.10 to \$0.30 subsequent to September 30, 2022.

**1319275 B.C. LTD**

## Notes to the Financial Statements

For the nine months ended September 30, 2022

(Expressed in Canadian dollars)

<b>Balance, September 30, 2022</b>	<b>300,000</b>	<b>\$ 0.24</b>
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As at September 30, 2022, outstanding options were as follows:

<b>Grant Date</b>	<b>Number of options outstanding</b>	<b>Number of options exercisable</b>	<b>Exercise Price</b>	<b>Expiry date</b>	<b>Remaining contractual life (years)</b>
May 20, 2022	300,000	300,000	\$0.24	May 20, 2027	4.89
<b>Total</b>	<b>300,000</b>	<b>300,000</b>	<b>\$0.24</b>		<b>4.89</b>

On May 20, 2022, the Company issued 300,000 stock options to various directors at an exercise price of \$0.24 of which all options vest immediately and expire on May 20, 2027. The following weighted-average assumptions have been used for the Black-Scholes valuation for the stock options granted: stock price - \$0.24; risk-free interest rate – 2.70%; expected life – 5; expected volatility – 100% and expected dividends – nil. The weighted average fair value of the options on the measurement date is \$0.18.

**6. LOAN RECEIVABLE**

On December 17, 2021, the company entered into a loan agreement to extend \$50,000 to CiTech with a maturity date of December 17, 2022. On March 31, 2022, the company entered into a second loan agreement to extend up to \$150,000 to CiTech, with a maturity date of July 31, 2023. Furthermore, on February 2, 2023, the company entered into a third loan agreement to extend up to \$100,000 to CiTech, with a maturity date of July 31, 2023. All three loan agreements are interest-free until the respective maturity dates, after which they will accrue interest at a rate of 10% per annum for each loan. No repayments have been made by CiTech to the Company to date..

**7. INVESTMENT AND ADVISORY AGREEMENT**

On April 30, 2022 the Company and Alke Capital Limited ("Alke") entered into the investment and advisory agreement (the "Alke Agreement"). Pursuant to the Alke Agreement, Alke will (a) provide certain advisory services to the Company, ("Alke Advisory Services"), and (b) make available to the Company a non-revolving equity drawdown facility in the aggregate amount of up to \$5,000,000 (the "Funding Commitment").

The Funding Commitment is for an aggregate amount of \$5,000,000 and a term of three years. In addition, the Company may use the Funding Commitment as security, with the consent of Alke, to secure additional financing avenues if it so chooses. Upon listing of its common shares on the Canadian Stock Exchange (the "Listing") and under the terms of the Alke Agreement, the Company can immediately start drawing down funds from the \$5,000,000 Funding Commitment during the three-year term at the Company's discretion by providing a notice to Alke (an "Alke Drawdown Notice").

**1319275 B.C. LTD**

## Notes to the Financial Statements

For the nine months ended September 30, 2022

(Expressed in Canadian dollars)

The Alke Advisory Services include (a) advisory services with respect to general corporate and public company matters; (b) assistance in identifying strategic investment opportunities for the Company; and (c) such other services as agreed to by the Company and Alke in writing from time-to-time. The Alke Advisory Services provided by Alke including compensation related to any specific services to the Company pursuant to the Alke Agreement will be on a project specific basis. In connection with the provision of the Alke Advisory Services, the Company paid an initial fee of \$2,500, paid by issuance of 50,000 shares at \$0.05 per share.

Additionally, the Company paid to Alke a commitment fee of \$225,000, equal to 4.5% of the Funding Commitment, paid by issuance of 4,500,000 shares at \$0.05 per share, and issued 5,673,902 common share purchase warrants. The warrants will be exercisable by Alke for three years from the date of issuance to April 30, 2025 at a price per share equal to \$0.30.

**8. BASIC AND DILUTED LOSS PER SHARE**

The calculation of basic and diluted loss per share for the period ended September 30, 2022 was based on the loss attributable to common shareholders of \$695,799 and the weighted average number of common shares outstanding of 25,255,495.

**9. MANAGEMENT OF CAPITAL**

The Company defines capital as consisting of shareholder's equity (comprised of issued share capital, share-based payment reserve, and deficit). Management's objective is to provide investment management services to shareholders which includes investing in marketable securities for the purpose of returns in the form of investment income and capital appreciation, as well as the ability to meet its on-going operational obligations as they become due.

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. As at September 30, 2022 the Company is not subject to any externally imposed capital requirements or debt covenants.

**10. FINANCIAL INSTRUMENTS**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

### **Market Risk**

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk and are disclosed as follows:

#### **(i) 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. The Company holds no financial instruments that are denominated in a currency other than Canadian dollars. As at September 30, 2022, the Company is not exposed to currency risk.

#### **(ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in interest rates. The Company's sensitivity to interest rates relative to its cash balances is currently immaterial. The Company also has no long-term debt with variable interest rates, so it has no negative exposure to changes in the market interest rate.

#### **(iii) Price rate risk**

The Company has no exposure to price risk with respect to equity prices as the Company is not listed. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

### **Credit Risk**

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions. Management believes that the credit risk related to its cash is negligible.

### **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. At September 30, 2022, the Company has a cash balance of \$15,115 with current liabilities of \$76,543 and the working capital of \$138,572. As such, the Company has insufficient cash to fund corporate overhead costs for this fiscal year.

The Company likely has insufficient funds from which to finance any identified business acquisition and as such will require additional financing to accomplish the Company's long-term strategic objectives. Future funding may be obtained by means of issuing share capital and/or debt financing. There can be no certainty of the Company's ability to raise additional financing through these means. If the Company is unable to continue to finance itself through these means, it is possible that the Company will be unable to continue as a going concern. Consequently, the Company is exposed to liquidity risk as at September 30, 2022.

**1319275 B.C. LTD**

Notes to the Financial Statements

For the nine months ended September 30, 2022

(Expressed in Canadian dollars)

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**Fair Value Measurements**

The fair value of cash is determined based on Level 1 inputs.

As at September 30, 2022 the Company's financial instruments consist of cash, loan receivable, and accounts payable and accrued liabilities. Loan receivable is classified as amortized cost. Accounts payable and accrued liabilities are classified as amortized cost. The fair values of these financial instruments approximate their carrying values because of their short-term nature.

**11. PROPOSED TRANSACTION**

On December 14, 2021 the Company signed a Share Purchase Agreement with Critical Infrastructure Technologies Pty Ltd. ("CITP"), as subsequently amended, by which the Company would acquire all of the issued and outstanding shares of CITP in exchange for 48,135,399 common shares of the Company. CITP is an Australian company focused on developing communications products for the mining, emergency service, defence and government sectors. On February 8, 2023, the company issued 4,062,500 special warrants at a price of \$0.30 each, generating aggregate gross proceeds of \$1,218,750. Each unexercised special warrant will automatically convert on the earlier of the "Qualification Date" (when the applicable securities commissions issue a receipt for the Company's final long form prospectus) or June 1, 2023. If no special warrants are exercised prior to conversion, the resulting issuer (post acquisition of CiTech by the Company) will issue 4,062,500 special warrant shares for no additional consideration.

APPENDIX C

AUDITED FINANCIAL STATEMENTS OF CITP FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

**CRITICAL INFRASTRUCTURE TECHNOLOGIES PTY LTD**

**ACN 55 636 999**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2022**

**Critical Infrastructure Technologies Pty Ltd**  
**Directors' Report**  
**30 June 2022**

The directors present their report for Critical Infrastructure Technologies Pty Ltd ("company"), together with the financial statements for the year ended 30 June 2022.

**Directors**

The following persons were directors of Critical Infrastructure Technologies Pty Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Andrew Hill (appointed 18 January 2022)  
Brenton Scott

**Principal activities**

During the financial year the principal continuing activities consisted of:

- ✓ Self-Deploying Skid (SDS) research and development
- ✓ Prototype building
- ✓ Production facility expansion

**Dividends**

No dividends were paid during the financial year.

**Review of operations**

The loss amounted to \$607,493 (30 June 2021: Loss \$360,318).

**Significant changes in the state of affairs**

There were no other significant changes in the state of affairs of the company during the financial year.

**Matters subsequent to the end of the year**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

### Likely developments and expected results of operations

Our ½ scale models will complete mid to late October, with production of 2 full scale SDS's to commence shortly after. Expected completion of the full scale SDS's is late March/ early April for deployment into the field for trial and testing.

1319275 BC Ltd has prepared a preliminary prospectus in order to list on the Canadian Stock Exchange (CSE) with expectation, following the review by the British Columbia Securities Commission, that a final prospectus will be lodged late October. Immediately prior to the final prospectus being lodged, the sale of our shareholders shares, together with the conversion of the Convertible Loan Note holder's debt into fully paid shares in the company and the sale of these shares, to 1319275 BC Ltd.

### Critical Infrastructure Technologies Pty Ltd

#### Directors' Report

30 June 2022

### Environmental regulation

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

### Interests in the Shares and Options of the Company

The following relevant interests in shares / options of the Company or a related body corporate were held by the directors at 30 June 2022.

Directors	Number of Fully Paid Ordinary Shares	Number of Options
Andrew Hill (held indirectly)	21,295	Nil
Brenton Scott (held indirectly)	55,794	Nil

### Legal Litigation

The Company is not subject to any significant legal litigation.

### Directors Remuneration

The remuneration of the Directors is detailed in Table 1.

Table 1: Key Management Personnel Remuneration for the year ended 30 June 2022.

	Primary Benefits	Post-Employment	Total
	Salary & Fees	Superannuation	
Directors	\$	\$	\$
Andrew Hill	180,000	18,000	198,000
Brenton Scott	180,000	18,000	198,000
<b>Total</b>	<b>360,000</b>	<b>36,000</b>	<b>396,000</b>

### Shares under option

There were no unissued ordinary shares in the company under option outstanding at the date of this report.

### Shares issued on the exercise of options

There were no ordinary shares in the company issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

**Indemnity and insurance of officers**

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

**Indemnity and insurance of auditor**

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related company against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related company.

**Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

**Rounding of amounts**

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

**Directors' Meetings**

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Brenton Scott	2	2
Andrew Hill	2	2

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

*"Brenton Scott"*

---

Brenton Scott  
Director

6 October 2022  
Perth, Western Australia

# ELDERTON

AUDIT PTY LTD

## Auditor's Independence Declaration

To those charged with governance of Critical Infrastructure Technologies Pty Ltd;

As auditor for the audit of Critical Infrastructure Technologies Pty Ltd for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd



**Rafay Nabeel**  
Audit Director

Perth  
06 October 2022

**Critical Infrastructure Technologies Pty Ltd**  
**Directors' Declaration**  
**30 June 2022**

In the directors' opinion:

- ✓ the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- ✓ the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- ✓ the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date;
- ✓ there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

*"Brenton Scott"*

---

Brenton Scott  
Director

6 October 2022  
Perth, Western Australia

**Critical Infrastructure Technologies Pty Limited**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 30 June 2022**

	Note	2022 \$	2021 \$
Administrative Expenses		-	-
Other Operating expenses	13	140,412	236,761
Amortisation - R&D		376,485	112,517
<b>Operating Income/ (loss)</b>		<b>(516,897)</b>	<b>(349,278)</b>
Finance cost		90,596	11,040
<b>Profit before taxation</b>		<b>(607,493)</b>	<b>(360,318)</b>
Taxation		-	-
<b>Profit/ (loss) for the period</b>		<b>(607,493)</b>	<b>(360,318)</b>
Other Comprehensive Income		-	-
<b>Total comprehensive loss attributable to members of Critical Infrastructure Technologies Pty Limited</b>		<b>(607,493)</b>	<b>(360,318)</b>

**Critical Infrastructure Technologies Pty Limited**  
**Statement of Financial Position**  
**As at 30 June 2022**

	Note	2022 \$	2021 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	169,186	22,046
Trade and other receivables	6	<u>1,011,212</u>	<u>430,464</u>
<b>Total Current Assets</b>		<b>1,180,398</b>	<b>452,510</b>
<b>Non-Current Assets</b>			
Office Equipment	7	-	-
Lease Guarantee Deposit		87,559	-
Intangible assets	8	<u>1,016,937</u>	<u>337,555</u>
<b>Total Non-Current Assets</b>		<b>1,104,496</b>	<b>337,555</b>
<b>TOTAL ASSETS</b>		<b><u>2,284,894</u></b>	<b><u>790,065</u></b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	9	499,353	369,244
Loan and borrowings	10	1,218,050	245,040
Convertibles Loan Notes	11	<u>139,002</u>	<u>535,000</u>
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,856,406</b>	<b>1,149,284</b>
<b>TOTAL LIABILITIES</b>		<b><u>1,856,406</u></b>	<b><u>1,149,284</u></b>
<b>NET ASSETS/ (LIABILITES)</b>		<b><u>428,488</u></b>	<b><u>(359,219)</u></b>
<b>EQUITY</b>			
Issued Capital	12	1,396,299	1,099
Accumulated losses		<u>(967,811)</u>	<u>(360,318)</u>
<b>TOTAL EQUITY</b>		<b><u>428,488</u></b>	<b><u>(359,219)</u></b>

The accompanying notes form part of these financial statements.

**Critical Infrastructure Technologies Pty Limited**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2022**

	<b>Ordinary Shares</b>	<b>Retained Earnings</b>	<b>Total</b>
	\$	\$	\$
<b>Balance as at 01 July 2020</b>	100	-	100
Profit/ Loss for the year	-	(360,318)	(360,318)
Issued shares During the year	999	-	999
<b>Balance as at 1 July 2021</b>	<b>1,099</b>	<b>(360,318)</b>	<b>(359,219)</b>
Profit/ Loss for the year		<b>(607,493)</b>	<b>(607,493)</b>
Issued shares During the year	<b>1,395,200</b>	-	<b>1,395,200</b>
<b>Balance as at 30 June 2022</b>	<b>1,396,299</b>	<b>(967,811)</b>	<b>428,488</b>

The accompanying notes form part of these financial statements.

**Critical Infrastructure Technologies Pty Limited**  
**Statement of Cash Flows**  
**For the year ended 30 June 2022**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Cash generated from operating activities</b>		
Profit before taxation	(607,493)	(360,318)
<b>Adjustment for:</b>		
Depreciation and amortization	376,485	125,167
Interest expense	90,596	-
	<u>(140,412)</u>	<u>(235,151)</u>
<b>Working capital changes</b>		
<b>(Increase)/ decrease in current assets</b>		
Increase in trade receivable	(580,748)	(430,464)
Increase in trade and other payables	130,109	369,244
	<u>(591,050)</u>	<u>(296,371)</u>
<b>Net cash generated from operating activities</b>		
<b>Cash flows used in investing activities</b>		
Purchase of office equipment	-	(12,649)
Development expenditure	(1,055,867)	(450,073)
	<u>(1,055,867)</u>	<u>(462,722)</u>
<b>Net Cash used in investing activities</b>		
<b>Cash flows provided by financing activities</b>		
Net proceeds from issue of securities	940,200	999
Net Proceeds from loans and borrowings	921,416	245,040
Proceeds from issue convertible loan notes	20,000	535,000
Security deposit	(87,559)	-
<b>Net cash provided by financing activities</b>	<u>1,794,057</u>	<u>781,039</u>
Net increase / (decrease) in cash held		
<b>Net decrease in cash and cash equivalents</b>	147,140	21,946
Cash and cash equivalents at beginning of the financial period	22,046	100
<b>Cash at end of the financial period</b>	<u>169,186</u>	<u>22,046</u>

The accompanying notes form part of these financial statements.

**Critical Infrastructure Technologies Pty Limited**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2022**

**1. LEGAL STATUS AND OPERATIONS**

Critical Infrastructure Technologies Pty Limited (Formerly named as Bluewater Marine Australia Pty Limited) (the Company) was incorporated as a Private limited company on October 08, 2019 under the Corporations Act, 2001 and it is the proprietary company, limited by shares having ACN 636 677 999. The registered office is located at 176 Marine Terrace Fremantle, Western Australia. The Company is principally engaged in developing communications products for critical applications in Mining, Emergency Services, Defence and Government.

The geographical location and addresses of the Company's business units including plants are as follows:

<b>Business unit</b>	<b>Geographical location and address</b>
Registered office	176 Marine Terrace Fremantle, Western Australia

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 BASIS OF PREPARATION**

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

***Historical cost convention***

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of office equipment and derivative financial instruments.

***Critical accounting estimates***

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

***Going Concern***

During the year ended 30 June 2022, The Company incurred net loss after tax of A\$ 607,493 and the Company's current liabilities exceeded its current assets by A\$ 676,008. As at 30 June 2022, the company had cash and cash equivalents of A\$ 169,186 and net assets of A\$ 428,488.

The Financial statement has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

In arriving at this position, the directors have had regard to the fact that the Company has, or in the directors' opinion will have access to, sufficient cash to fund administrative and other committed expenditure for a period of not less than 12 months from the date of this report.

In forming this view the directors have taken into consideration the following:

- The ability of the Company to obtain funding through various sources, including debt and equity issues which are currently being investigated by management;

- Receipt of R&D receivable amounting to \$ 812,922 after the reporting period
  - Conversion of all convertible notes to **ordinary** shares as described in note 11 Convertible loan notes.
  - The Company has the capacity, if necessary, to reduce its operating cost structure in order to minimise its working capital requirements; and
  - The ability to further vary cash flow depending upon the achievement of certain milestones within the business plan.
- The directors have reasonable expectations that they will be able to raise additional funding needed for the Company to continue to execute against its milestones in the medium term. However, cashflows will be adjusted to ensure that the Company can pay its debts as and when they fall due until medium term funding is secured. This may have an impact on the ability of the Company to grow as rapidly as it anticipated but should provide a more sustainable cost base until funding is obtained.

Should the Company not achieve the matters set out above there is significant uncertainty whether the Company will continue as going concern and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial statement. The financial report does not include any adjustment relating to the recoverability or classification of the recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

## 2.2 Office equipment

### Owned assets

Office equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of office equipment over their expected useful lives as follows:

Office equipment	1-2 years
------------------	-----------

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of office equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

### Right of use assets and related liabilities

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

### 2.3 Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

#### ***Research and development***

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Company is able to use or sell the asset; the Company has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

### 2.4 Impairment of non-financial assets

Non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses, if any. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

### 2.5 Financial assets

The details of accounting policies after the application of IFRS 9 is as follows.

#### **Classification**

The Company has classified its financial assets into following categories: financial assets at amortised cost, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The financial assets are classified at initial recognition based on the business model used for managing the financial assets and contractual terms of the cash flows.

#### **(a) Financial assets at amortised cost**

A financial asset shall be classified as financial asset at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### **(b) Financial assets at fair value through other comprehensive income**

Debt instruments where contractual cash flows are solely payments of principal and interest and the objective of the Company is achieved by both collecting cash flows and selling the financial assets.

Equity investment that are not held for trading and the Company made an irrevocable election at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognised in profit or loss.

**(C) Financial assets at fair value through profit or loss**

All equity instruments are to be classified as financial assets at fair value through profit or loss, except for those equity instruments for which the Company has elected to present value changes in other comprehensive income.

A debt instrument can be classified as a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different basis.

**Recognition and measurement**

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

After initial recognition, financial assets are measured at fair value or amortised cost.

Gains or losses arising from changes in fair value of the ‘financial assets at fair value through profit or loss’ category are presented in the statement of profit or loss within ‘other income / other operating expenses’ in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of profit or loss as part of ‘other income’ when the Company’s right to receive payments is established.

Gains or losses arising from changes in fair value of the ‘financial assets at fair value through other comprehensive income’ category are recognised in other comprehensive income with only dividend income recognised in the statement of profit or loss.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the statement of profit or loss. Impairment losses recognised in the statement of profit or loss on equity instruments are not reversed through the statement of profit or loss.

**2.6 Convertible notes**

**(a) Convertible notes that contain an equity component**

Convertible notes that can be converted into ordinary shares at the option of the holder, where a fixed number of shares are issued for a fixed amount of cash or other financial assets, are accounted for as compound financial instruments, i.e. they contain both a liability component and an equity component.

At initial recognition the liability component of the convertible notes is measured at the fair value based on the future interest and principal payments, discounted at the prevailing market rate of interest for similar non convertible instruments. The equity component is the difference between the initial fair value of the convertible notes as a whole and the initial fair value of the liability component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. Interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is not remeasured and is recognised in the capital reserve until the notes are converted.

If the notes are converted, the capital reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued.

(b) **Other convertible notes**

Convertible notes which do not contain an equity component are accounted for as follows: At initial recognition the derivative component of the convertible notes is measured at fair value and presented as part of derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the host liability component. Transaction costs that relate to the issue of the convertible note are allocated to the host liability and derivative components in proportion to the allocation of proceeds. The portion of the transaction costs relating to the host liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in profit or loss. The derivative component is subsequently remeasured at fair value. The host liability component is subsequently carried at amortised cost. Interest expense recognised in profit or loss on the host liability component is calculated using the effective interest method. If the notes are converted, the shares issued are measured at fair value and any difference between the fair value of shares issued and the carrying amounts of the derivative and liability components are recognised in profit or loss. If the notes are redeemed, any difference between the amount paid and the carrying amounts of both components is recognised in profit or loss.

## **2.7 Financial liabilities**

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value less directly attributable transactions costs, if any, and subsequently measured at amortised cost using effective interest method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of original liability and recognition of a new liability and the difference in respective carrying amounts is recognised in the statement of profit or loss.

## **2.8 Off setting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

## **2.9 Trade debts and other receivables**

Trade debts and other receivables are classified as financial assets at amortised cost.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days. The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

## **2.10 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents represent balances with banks.

## **2.11 Share capital**

Ordinary shares are classified as equity and recognised at their face value.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## **2.12 Retirement and other service benefit obligations**

### ***Short-term employee benefits***

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

### ***Other long-term employee benefits***

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

## **2.13 Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

## **2.14 Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

## **2.15 Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

## **2.16 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

## **2.17 Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

## **2.18 Foreign currency transactions and translation**

### ***Foreign currency transactions***

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. The closing balance of non-monetary items is included at the exchange rate prevailing on the date of transaction and monetary items are translated using the exchange rate prevailing on the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

## **2.19 Revenue recognition**

The Company recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those good and services. The Company recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when the company satisfies a performance obligation

- Revenue from sale of goods is recognised when the Company satisfies a performance obligation (at a point of time) by transferring promised goods to customer being when the goods are dispatched to customers. Revenue is measured at fair value of the consideration received or receivable and is reduced for allowances such as taxes, duties, commission, sales returns and discounts.

- Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

- Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

- Other income is recognised when the right to receive payment is established.

#### **2.20 Research and development costs**

Research costs are recognised in the statement of profit or loss as and when incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the company is able to use or sell the asset; the company has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit. The company is amortizing the development cost over the period of 4 years.

#### **2.21 Dividend and appropriation to reserves**

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

#### **2.22 Research and development rebate**

Company has adopted income approach for the accounting of government grants as allowed by IAS 20. R&D rebate/incentive is received from the Australian Tax Office, which is Australian government department, therefore it has been classified as government grants. R&D rebate is recognized as a deduction to the R&D Asset Capitalized on the balance sheet. The grant is then recognized in profit or loss over the life of R&D asset as a reduced amortization expense.

R&D grant is recognized by Company only after the approval by the Australian Tax Office (ATO). Management believes that it is prudent to wait for the Australian Tax Office to approve the R&D Rebate before it is recognized, since approval for R&D rebate is not guaranteed.

Licensed R&D Tax Consultant from Australian Tax Office calculates the R&D rebate/incentive available to the Company, who reviews the nature of R&D expenses incurred by the Company and assesses whether they meet the criteria of the Australian Tax Office for R&D rebate/incentive. R&D rebate/incentive is calculated as 43.5% of the allowable R&D expenses.

As at the reporting date, R&D rebate has been recorded as a receivable from the Australian Tax Office, therefore in the Cash Flow Statement this is being shown under working capital changes.

#### **Comparative figures**

**2.23** Certain comparative figures have been reclassified to conform to the current year presentation. These reclassifications have not had an impact on results of operations for the year.

#### **Government grants**

**2.24** Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. See note 2.22 for the specific accounting policy on R&D rebates received by the Company.

### **3 NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS**

#### **(a) New or amended Accounting Standards and Interpretations adopted**

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and International Accounting Standards Board ['IASB'] that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### **(b) New Accounting Standards and Interpretations not yet mandatory or early adopted**

International Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2022. There are no such Accounting Standards which would impact Company's financial statements.

### **4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses.

The estimates and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances and are continually evaluated. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods. Judgements made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy note.

#### ***Coronavirus (COVID-19) pandemic***

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

#### ***Allowance for expected credit losses***

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 12, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

#### ***Fair value measurement hierarchy***

The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the company 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; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs. Refer to note 50 for further information.

***Estimation of useful lives of assets***

The company determines the estimated useful lives and related depreciation and amortisation charges for its Office equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

***Goodwill and other indefinite life intangible assets***

The company tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

***Impairment of non-financial assets other than goodwill and other indefinite life intangible assets***

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

***Income tax***

The company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

***Employee benefits provision***

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

**Critical Infrastructure Technologies Pty Limited**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2022**

		2022 '\$'	2021 \$
<b>5</b>	<b>CASH AND CASH EQUIVALENT</b>		
	Cash in hand	1,099	1,099
	Cash at bank	168,087	20,947
		<u>169,186</u>	<u>22,046</u>
<b>6</b>	<b>TRADE AND OTHER RECEIVABLE</b>		
	R&D rebate receivable	812,923	346,517
	Loan unsecured	-	12,925
	Goods and service tax	198,289	71,022
		<u>1,011,212</u>	<u>430,464</u>
<b>7</b>	<b>PROPERTY PLANT AND EQUIPMENT</b>		
	Office Equipment	12,649	12,649
	Accumulated Depreciation	(12,649)	(12,649)
		<u>-</u>	<u>-</u>
<b>8</b>	<b>INTANGIBLE ASSETS</b>		
	Research and development expenditure	1,505,940	450,073
	Less: accumulated amortization and impairment	(489,003)	(112,518)
		<u>1,016,937</u>	<u>337,555</u>
<b>9</b>	<b>TRADE AND OTHER PAYABLES</b>		
	Rent payable	-	142,159
	R & D equipment	162,507	65,000
	Consulting fees	77,486	51,275
	Interest expense payable	-	11,040
	Superannuation payable	17,694	12,276
	Accrued wages	46,814	33,786
	Withholding tax payables	194,852	53,708
		<u>499,353</u>	<u>369,244</u>
<b>10</b>	<b>LOAN AND BORROWINGS</b>		
	Loan from Greywood	10.1	-
			45,000
	Loan - 1319275 B.C. LTD	10.2	207,915
			-
	Loan - Foresense Ltd	10.3	112,185
			-
	Loan from Junior Jay Pty Ltd ATF The JJC Consulting Services Trust	10.4	281,615
			200,040
	Loan from R&Dium Capital	10.5	516,335
			-
	Other	10.6	100,000
			-
		<u>1,218,050</u>	<u>245,040</u>

- 10.1 Loan taken from Greywood Holding Pty Limited is interest bearing @ 10% per annum which is paid on 30 November 2021.
- 10.2 Loan taken amounting to C\$50,000 and C\$150,000 from 1319275 B.C. LTD on 17 Dec 2021 and March 2022 respectively having simple interest rate @ 10% per annum. These loans are payable on maturity dates 17 Dec 2022 and 31 July 2023 respectively. Interest will be paid on post maturity balance on the event of default.
- 10.3 Loan obtained from Foresense Ltd amounting to \$ 100,000 having simple interest rate @ 15%.
- 10.4 Loan obtained from Junior Jay Pty Ltd ATF The JJC Consulting Services Trust which is associated to the company. Loan is taken without any terms and condition and repayment reschedule.
- 10.5 Loan Obtained amounting to \$ 265,000 and \$235,000 dated 29 Jan 2022 and 29 Jun 2022 respectively and carry simple interest rate @ 15% and 14%. These loan are repayable on maturity dated 30 Nov 2022.
- 10.6 Capital raised by subscribers for shares to be issued immediately prior to listing.

	2022 '\$'	2021 \$
<b>11 CONVERTIBLE LOAN NOTES</b>		

Convertible loan notes	11.1	139,002	535,000
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- 11.1 The Company proposes to issue unlisted debt notes to raise up an amount equal to the Aggregate Face Value (Notes). The Noteholder has agreed to subscribe for some of the Notes, in an amount equal to its Subscription Amount on the terms and conditions of this Deed. The Notes are governed by the terms and conditions of the deed. These convertible notes is expected to convert in November 2022. Convertible notes amounting to \$455,000 were converted to equity and \$39,000 was the interest accrued during the year on these convertible notes. These were non-cash transactions and didn't have impact on the cash flows of the Company.

	2022 '\$'	2021 \$
<b>12 ISSUED CAPITAL</b>		

Fully paid ordinary shares	1,099	1,099	
Share issued	<u>1,395,200</u>	<u>-</u>	
	<u>1,396,299</u>	<u>1,099</u>	

**13 OTHER OPERATING EXPENSES**

Accounting	19,728	-	
Advertising	-	200,000	
Consulting Fees	94,760	25,023	
Meeting Expenses	8,943	3,242	
Office Expenses	6,103	1,420	
Other expenses	10,878	7,077	
	<u>140,412</u>	<u>236,761</u>	

14 **Income tax**

Reconciliation of income tax to accounting profit:

Loss before income tax expense	<b>(607,493)</b>	(360,318)
Tax rate	<b>25%</b>	26%
Prima facie tax payable on loss for the year	<b>(151,873)</b>	(93,683)
Add:		
Tax effect of:		
- unrecognised tax losses	<b>151,873</b>	93,683
Income tax expense	<u><b>(0)</b></u>	<u>0</u>

The effective tax rate for 30 June 2022 is 0% (30 June 2021: 0%).

The company has \$271,455 tax losses carried forward. The tax losses are not tax effected and have not been brought to account as it is not probable that future taxable profit will be available against which the unused tax losses can be utilised.

R&D rebate amounting to AUD 812,923 has been recognized during the year and it is 43.5% of all eligible R&D expenditure. Eligible R&D expenditure consists of all costs those are directly related to the R&D activity. See note 2.22 for the accounting policy on R&D rebate.

15 **RELATAED PARTY TRANSACTION**

Related party	Relation	Transaction with related party
Junior Jay Pty Ltd ATF The JJC Consulting Services Trust	Associated company	<p>1. Consulting fees charged by JJC Consulting Services Trust during the year amounting to \$198,000.</p> <p>2. As at 30 June 2022, \$281,615 was due to Junior Jay (being a combination of outstanding consulting fees and rent due, plus loans advanced to CiTech</p> <p>3. Citech occupies the premises which is taken on lease by Junior Jay Pty Ltd. During the year rent charged to income statement is amounting \$377,750.</p>

**Critical Infrastructure Technologies Pty Limited**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2022**

**16 Financial Instruments**

**(i) Capital Risk Management**

The Company activities may expose it to a variety of risks: market risk (including, interest rate risk and price risk), credit risk and liquidity risk. The Company overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

**(ii) Categories of Financial Instruments**

	2022 '\$'	2021 \$
<b>Financial assets</b>		
Trade and other receivables	1,011,212	430,464
Cash and cash equivalents	169,186	22,046
<b>Total financial assets</b>	<b>1,180,398</b>	<b>452,510</b>
<b>Financial liabilities</b>		
Trade and other payables	499,353	369,244
Loan and borrowings	1,218,050	245,040
Convertible loan notes	139,002	535,000
Total financial liabilities	<b>1,856,406</b>	<b>1,149,284</b>
<b>Net financial assets</b>	<b>(676,008)</b>	<b>(696,774)</b>

During the financial year no loans or receivables were revalued through profit or loss.

**(iii) Market Risk**

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The company is not exposed to foreign exchange and interest rate risk.

**(iv) Credit Risk Management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses publicly available financial information and its own trading record to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparty is a bank with a high credit rating assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

**(v) Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

**(vi) Liquidity and interest rate risk tables**

The following table details the Company's remaining contractual maturity for its financial liabilities. These are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	Weighted Average Effective Interest Rate %	Less than 1 Month	1 - 3	3 months	1 - 5
			Months	- 1 Year	Years
<b>For the year ended 30 June 2022</b>					
Non-interest bearing		-	-	381,615	-
<b>Interest bearing</b>					
Convertible loan notes	5%	-	-	139,002	-
Loan - 1319275 B.C. LTD	10%	-	-	207,915	-
Loan - Foresense Ltd	15%	-	-	112,185	-
Loan from R&Dium Capital	15% & 14%	-	-	516,335	-

**(vii) Fair Value of Financial Instruments**

The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair value of other financial assets and liabilities (excluding derivative financial instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

**(viii) Interest Rate Sensitivity Analysis**

The sensitivity analyses below have been determined based on the exposure to interest rates for variable rate instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year. A 50-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the change in interest rates.

# ELDERTON

AUDIT PTY LTD

## Independent Audit Report to the members of Critical Infrastructure Technologies Pty Ltd

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Critical Infrastructure Technologies Pty Ltd (the Company) which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and International Financial Reporting Standards.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards and International Standards on Auditing. Our responsibilities under those standards are further described as in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Materiality Uncertainty Related to Going Concern

We draw attention to Note 2.1 to the financial statements, which indicates the Company's current liabilities exceeded its current assets by \$ 676,008 and incurred accumulated losses of \$ 967,811 as at 30 June 2022. As stated in note 2.1, these events or conditions, along with other matters as set forth in note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in the annual report but does not include the financial report and our auditor's report thereon.

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

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

## **Responsibilities of Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Corporations Act 2001* and International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 Australian Auditing Standards and International Standards on Auditing 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 the financial report.

As part of an audit in accordance with the Australian Auditing Standards and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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 the directors.
- Conclude on the appropriateness of the directors' 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 financial report 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 financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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 the directors 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.

Elderton Audit Pty Ltd

**Elderton Audit Pty Ltd**



**Rafay Nabeel**  
Audit Director

Perth  
06 October 2022

APPENDIX D

AUDITED FINANCIAL STATEMENTS OF CITP FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

**CRITICAL INFRASTRUCTURE TECHNOLOGIES PTY LTD**

**ACN 55 636 999**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2021**

**Critical Infrastructure Technologies Pty Ltd**  
**Directors' Report**  
**30 June 2021**

The directors present their report for Critical Infrastructure Technologies Pty Ltd ("company"), together with the financial statements for the year ended 30 June 2021.

**Directors**

The following persons were directors of Critical Infrastructure Technologies Pty Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Andrew Hill (resigned 8 April 2021 and re-appointed 18 January 2022)  
Brenton Scott (appointed 8 April 2021)

**Principal activities**

During the financial year the principal continuing activities consisted of:

- ✓ Self-Deploying Skid (SDS) research and development
- ✓ Prototype building
- ✓ Production facility expansion

**Dividends**

No dividends were paid during the financial year.

**Review of operations**

The loss amounted to \$360,318 (30 June 2020: \$Nil).

**Significant changes in the state of affairs**

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

**Matters subsequent to the end of the financial year**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

The shareholders and convertible loan note holders executed a Share Purchase Agreement on 20 December 2021 with 1319275 BC LTD (a Canadian registered company) to sell their shares in the company in exchange for shares in 1319275 BC LTD.

**Likely developments and expected results of operations**

Our 1/5<sup>th</sup> and ½ scale models will complete late April 2022/early May 2022, with production of 2 full scale SDS's to commence shortly after. Expected completion of the full scale SDS's is late October/early November 2022 for deployment into the field for trial and testing.

1319275 BC Ltd is currently preparing a prospectus in order to list on the Canadian Stock Exchange (CSE). Upon receipt from the CSE that the prospectus has been lodged, the sale of our shareholders shares, together with the conversion of the Convertible Loan Note holder's debt into fully paid shares in the company and the sale of these shares, to 1319275 BC Ltd.

**Critical Infrastructure Technologies Pty Ltd**  
**Directors' Report**  
**30 June 2021**

**Environmental regulation**

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

**Interests in the Shares and Options of the Company**

The following relevant interests in shares / options of the Company or a related body corporate were held by the directors at 30 June 2021.

<b>Directors</b>	<b>Number of Fully Paid Ordinary Shares</b>	<b>Number of Options</b>
Brenton Scott (held indirectly)	55,794	Nil

**Legal Litigation**

The Company is not subject to any significant legal litigation.

**Directors Remuneration**

The remuneration of the Directors is detailed in Table 1.

Table 1: Key Management Personnel Remuneration for the Year Ended 30 June 2021.

	<b>Primary Benefits</b>	<b>Post-Employment</b>	<b>Total</b>
	<b>Salary &amp; Fees</b>	<b>Superannuation</b>	
<b>Directors</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Brenton Scott	90,000	9,000	99,000
<b>Total</b>	<b>90,000</b>	<b>9,000</b>	<b>99,000</b>

**Shares under option**

There were no unissued ordinary shares in the company under option outstanding at the date of this report.

**Shares issued on the exercise of options**

There were no ordinary shares in the company issued on the exercise of options during the year ended 30 June 2021 and up to the date of this report.

**Indemnity and insurance of officers**

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

**Indemnity and insurance of auditor**

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

**Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

**Rounding of amounts**

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

**Directors' Meetings**

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

<b>Director</b>	<b>Number of Meetings Eligible to Attend</b>	<b>Number of Meetings Attended</b>
Brenton Scott	1	1
Andrew Hill	1	1

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

*"Brenton Scott"*  
Brenton Scott  
Director

17 March 2022  
Perth, Western Australia

**Critical Infrastructure Technologies Pty Ltd**  
**Directors' Declaration**  
**30 June 2021**

In the directors' opinion:

- ✓ the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- ✓ the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- ✓ the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date;
- ✓ there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- ✓ at the date of this declaration, there are reasonable grounds to believe that the Company will be able to meet any obligations or liabilities to which they are, or may become liable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

"Brenton Scott"

Brenton Scott  
Director

17 March 2022  
Perth, Western Australia

**Critical Infrastructure Technologies Pty Limited**  
**Statement of Financial Position**  
**as at 30 June 2021**

	Note	2021 '\$'	2020 '\$'
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	22,046	100
Trade and other receivables	5	430,464	-
		<u>452,510</u>	<u>100</u>
<b>Non-Current Assets</b>			
Office Equipment	6	-	-
Intangible assets	7	337,555	-
		<u>337,555</u>	<u>-</u>
<b>TOTAL ASSETS</b>		<u><u>790,065</u></u>	<u><u>100</u></u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	8	369,244	-
Loan and borrowing	9	245,040	-
		<u>614,284</u>	<u>-</u>
<b>NON-CURRENT LIABILITIES</b>			
Convertible loan notes	10	535,000	-
		<u>535,000</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u><u>1,149,284</u></u>	<u><u>-</u></u>
<b>NET ASSETS/ (LIABILITES)</b>		<u><u>(359,219)</u></u>	<u><u>100</u></u>
<b>EQUITY</b>			
Issued Capital	11	1,099	100
Accumulated losses		(360,318)	-
<b>Total equity</b>		<u><u>(359,219)</u></u>	<u><u>100</u></u>

The accompanying notes form part of these financial statements.

**Critical Infrastructure Technologies Pty Limited**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the period ended 30 June 2021**

	Note	2021 \$	2020 \$
Administrative Expenses		-	
Other Operating expenses	12	236,761	
Amortisation - R&D		112,517	-
		<hr/>	<hr/>
<b>Operating Income/ (Loss)</b>		<b>(349,278)</b>	-
Other Income		-	-
Finance cost		(11,040)	-
		<hr/>	<hr/>
<b>Profit/ (Loss) before taxation</b>		<b>(360,318)</b>	-
Taxation		-	-
		<hr/>	<hr/>
Profit/ (Loss) for the year		<b>(360,318)</b>	-
<b>Other Comprehensive Income</b>			
Other Comprehensive Income for the period, net of tax		-	-
		<hr/>	<hr/>
<b>Total comprehensive loss attributable to members of Critical Infrastructure Technologies Pty Limited</b>		<b>(360,318)</b>	-
		<hr/>	<hr/>

The accompanying notes form part of these financial statements.

**Critical Infrastructure Technologies Pty Limited**  
**Statement of Changes in Equity**  
**For the period ended 30 June 2021**

	<b>Ordinary Shares</b>	<b>Retained Earnings</b>	<b>Total</b>
	\$	\$	\$
<b>Balance as at 1 July 2019</b>	-	-	-
Transactions with owner, In capacity as owner and other transfer			
Issued shares During the year	100	-	100
Total Transactions with owner, In capacity as owner and other transfer	100	-	100
<b>Balance as at 30 June 2020</b>	<b>100</b>	<b>-</b>	<b>100</b>
<b>Balance as at 01 July 2020</b>	<b>100</b>	<b>-</b>	<b>100</b>
Comprehensive income for the year			
Profit/ Loss for the year	-	(360,318)	(360,318)
Total Comprehensive income for the year attributable to the member of the company	-	(360,318)	(360,318)
Transactions with owner, In capacity as owner and other transfer			
Issued shares During the year	999	-	999
Total Transactions with owner, In capacity as owner and other transfer	999	-	999
<b>Balance as at 30 June 2021</b>	<b>1,099</b>	<b>(360,318)</b>	<b>(359,219)</b>

The accompanying notes form part of these financial statements.

**Critical Infrastructure Technologies Pty Limited**  
**Statement of Cash Flows**  
**For the period ended 30 June 2021**

	2021 \$	2020 \$
<b>Cash generated from operating activities</b>		
Profit before taxation	(360,318)	-
<b>Adjustment for:</b>		
Depreciation and amortization	125,167	-
	<u>(235,151)</u>	<u>-</u>
<b>Working capital changes</b> <b>(Increase)/ decrease in current assets</b>		
Increase in trade receivable	(430,464)	-
Increase in trade and other payables	369,244	-
	<u>(296,371)</u>	<u>-</u>
<b>Net cash used in operating activities</b>	<u>(296,371)</u>	<u>-</u>
<b>Cash flows used in investing activities</b>		
Purchase of property plant and equipment	(12,649)	-
Development expenditure	(450,073)	-
	<u>(462,722)</u>	<u>-</u>
<b>Net Cash used in investing activities</b>	<u>(462,722)</u>	<u>-</u>
<b>Cash flows provided by financing activities</b>		
Net proceeds from issue of securities	999	100
Proceeds from loans and borrowings	245,040	-
Proceeds from issue convertible loan notes	535,000	-
<b>Net cash provided by financing activities</b>	<u>781,039</u>	<u>100</u>
Net increase / (decrease) in cash held		
<b>Net decrease in cash and cash equivalents</b>	21,946	100
Cash and cash equivalents at beginning of the financial period	100	-
	<u>22,046</u>	<u>100</u>
<b>Cash at end of the financial period</b>	<u>22,046</u>	<u>100</u>

The accompanying notes form part of these financial statements.

**Critical Infrastructure Technologies Pty Limited**  
**Notes to the Financial Statements**  
**For the period ended 30 June 2021**

**1. LEGAL STATUS AND OPERATIONS**

Critical Infrastructure Technologies Pty Limited (Formerly named as Bluewater Marine Australia Pty Limited) (the Company) was incorporated as a Private limited company on October 08, 2019 under the Corporations Act, 2001 and it is the proprietary company, limited by shares having ACN 636 677 999. The registered office is located at 176 Marine Terrace Fremantle, Western Australia. The Company is principally engaged in developing communications products for critical applications in Mining, Emergency Services, Defence and Government.

The geographical location and addresses of the Company's business units including plants are as follows:

<b>Business unit</b>	<b>Geographical location and address</b>
Registered office	176 Marine Terrace Fremantle, Western Australia

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 BASIS OF ACCOUNTING**

These financial statements have been prepared in accordance with International Financial Reporting Standards. They were authorised for issue by the Company's board of directors on 17 March 2022.

**2.2 Functional and presentation currency**

These financial statements are presented in Australian Dollar, which is the Company's functional currency.

**2.3 Critical accounting estimates and judgements**

The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses.

The estimates and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances and are continually evaluated. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods. Judgements made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy note.

**Coronavirus (COVID-19) pandemic**

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

### ***Allowance for expected credit losses***

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The actual credit losses in future years may be higher or lower.

### ***Fair value measurement hierarchy***

The Company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: 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; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assetsThe Company determines the estimated useful lives and related depreciation and amortisation charges for its office equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

### ***Goodwill and other indefinite life intangible assets***

The Company tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment.

### ***Impairment of non-financial assets other than goodwill and other indefinite life intangible assets***

The Company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

### ***Income tax***

The company is subject to income taxes in the jurisdictions in which it operates. The company recognises liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

## **2.4 Office equipment**

Office equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items

Depreciation is calculated on a straight-line basis to write off the net cost of each item of office equipment over their expected useful lives as follows:

Office Equipment	1 year
------------------	--------

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of office equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

## **2.5 Intangible assets**

### ***Research and development***

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the company is able to use or sell the asset; the company has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit. The company is amortizing the development cost over the period of 4 years.

## **2.6 Investment and other financial assets**

Financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the the Company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

### **Financial assets at fair value through profit or loss**

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

### **Financial assets at fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income include equity investments which the the Company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

### **Impairment of financial assets**

The Company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

### **Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the the Company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

#### **Financial assets at fair value through profit or loss**

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

#### **Financial assets at fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income include equity investments which the the Company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

## **2.7 Financial liabilities**

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value less directly attributable transactions costs, if any, and subsequently measured at amortised cost using effective interest method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of original liability and recognition of a new liability and the difference in respective carrying amounts is recognised in the statement of profit or loss.

## **2.8 Trade debts and other receivables**

Trade debts and other receivables are classified as financial assets at amortised cost.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

## **2.9 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents represent balances with banks.

## **2.10 Share capital**

Ordinary shares are classified as equity and recognised at their face value.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## **2.11 Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

## **2.12 Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

## **2.13 Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a *non-current liability on the amortised cost basis* until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

## **2.14 Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or

financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

## 2.15 Going Concern

The Financial statement has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

During the year ended 30 June 2021, The Company incurred net loss after tax of \$ 360,318 and has a net current Liabilities of \$ 161,774. As at 30 June 2021, the company had cash and cash equivalents of \$ 22,046 and net liabilities of 359,219.

In arriving at this position, the directors have had regard to the fact that the Company has, or in the directors' opinion will have access to, sufficient cash to fund administrative and other committed expenditure for a period of not less than 12 months from the date of this report.

In forming this view the directors have taken into consideration the following:

- The ability of the Company to obtain funding through various sources, including debt and equity issues which are currently being investigated by management;
- Conversion of all convertible notes to **ordinary** shares as described in note 11 other Liabilities
- The Company has the capacity, if necessary, to reduce its operating cost structure in order to minimise its working capital requirements; and
- The ability to further vary cash flow depending upon the achievement of certain milestones within the business plan.
- The directors have reasonable expectations that they will be able to raise additional funding needed for the Company to continue to execute against its milestones in the medium term. However, cashflows will be adjusted to ensure that the Company can pay its debts as and when they fall due until medium term funding is secured. This may have an impact on the ability of the Company to grow as rapidly as it anticipated but should provide a more sustainable cost base until funding is obtained.

## 2.16 Research and development rebate

Company has adopted income approach for the accounting of government grants as allowed by IAS 20. R&D rebate/incentive is received from the Australian Tax Office, which is Australian government department, therefore it has been classified as government grants. R&D rebate is recognized as a deduction to the R&D Asset Capitalized on the balance sheet. The grant is then recognized in profit or loss over the life of R&D asset as a reduced amortization expense.

R&D grant is recognized by Company only after the approval by the Australian Tax Office (ATO). Management believes that it is prudent to wait for the Australian Tax Office to approve the R&D Rebate before it is recognized, since approval for R&D rebate is not guaranteed.

Licensed R&D Tax Consultant from Australian Tax Office calculates the R&D rebate/incentive available to the Company, who reviews the nature of R&D expenses incurred by the Company and assesses whether they meet the criteria of the Australian Tax Office for R&D rebate/incentive. R&D rebate/incentive is calculated as 43.5% of the allowable R&D expenses.

As at the reporting date, R&D rebate has been recorded as a receivable from the Australian Tax Office, therefore in the Cash Flow Statement this is being shown under working capital changes.

## 2.17 Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. See note 2.16 for the specific accounting policy on R&D rebates received by the Company.

### 3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

#### 3.1 Standards, amendments to approved accounting standards effective in current year

New and amended standards and interpretations mandatory for the first time for the financial year beginning April 1, 2020:

##### **IAS 1 & 8 Definition of material**

**Effective date:**

**1-Jan-20**

Amendments to IAS 1, 'Presentation of Financial Statements' and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards. Refined definition of materiality - Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2020 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

##### **IFRS 16 Leases – Rent concessions**

**Effective date:**

**1-Jun-20**

Under IFRS 16, rent concessions often met the definition of a lease modification, unless they were envisaged in the original lease agreement. The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before June 30, 2021. This optional exemption gives timely relief to lessees and enables them to continue providing information about their leases that is useful to investors. The amendment does not affect lessors.

#### 3.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company.

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2020 and have not been early adopted by the Company:

##### **(a) IAS 37 Onerous contracts**

**Effective date**

**1-Jan-22**

Under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of office equipment used in fulfilling the contract

##### **(b) IAS 16 Proceeds before an asset's intended use**

**Effective date**

**1-Jan-22**

Amendment to IAS 16 'office equipment' prohibit a company from deducting from the cost of office equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

**(C)** The following new and amended standards are not expected to have a significant impact on the company's financial statements.

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
- Annual Improvements to IFRS Standards 2018-2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to Conceptual Framework (Amendments to IFRS 3)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)

**Critical Infrastructure Technologies Pty Limited**  
**Notes to the Financial Statements**  
**For the period ended 30 June 2021**

		2021 \$	2020 \$
<b>4</b>	<b>CASH AND CASH EQUIVALENT</b>		
	Cash in hand	1,099	100
	Cash at bank	20,947	-
		<u>22,046</u>	<u>100</u>
<b>5</b>	<b>TRADE AND OTHER RECEIVABLE</b>		
	R&D rebate receivable	346,517	-
	Loan unsecured	12,925	-
	Goods and service tax	71,022	-
		<u>430,464</u>	<u>-</u>
<b>6</b>	<b>OFFICE EQUIPMENT</b>		
	Office Equipment	12,649	-
	Accumulated Depreciation	(12,649)	-
		<u>-</u>	<u>-</u>
<b>7</b>	<b>INTANGIBLE ASSETS</b>		
	Development expenditure	450,073	-
	Less accumulated amortization and impairment	(112,518)	-
		<u>337,555</u>	<u>-</u>
<b>8</b>	<b>TRADE AND OTHER PAYABLES</b>		
	Rent payable	142,159	-
	R & D equipment	65,000	-
	Consulting fees	51,275	-
	Interest expense payable	11,040	-
	Superannuation payable	12,276	-
	Accrued wages	33,786	-
	Withholding tax payables	53,708	-
		<u>369,244</u>	<u>-</u>
<b>9</b>	<b>LOAN AND BORROWINGS</b>		
	Loan from graywood	9.1 45,000	-
	Loan from Junior Jay Pty Ltd ATF the JJC Consulting Services Trust	9.2 200,040	-
		<u>245,040</u>	<u>-</u>
9.1	Loan taken from Graywood Holding Pty Limited is interest bearing at 10% which is repayable on 30 November 2021.		
9.2	Loan obtained from Junior Jay Pty Ltd ATF The JJC Consulting Services Trust which is an associated company of the Citech. Loan is taken without any terms and conditions and repayment schedule.		
<b>10</b>	<b>CONVERTIBLE LOAN NOTES</b>		
	Convertible loan notes	10.1 535,000	-

- 10.1 The Company proposes to issue unlisted debt notes to raise up to an amount equal to the Aggregate Face Value (Notes). The Noteholder has agreed to subscribe for some of the Notes, in an amount equal to its Subscription Amount on the terms and conditions of this Deed. The Notes are governed by the terms and conditions of the deed. These convertible notes are maturing on 3 Sep 2022.

11 **ISSUED CAPITAL**

Fully paid ordinary shares	<u>1,099</u>	<u>100</u>
----------------------------	--------------	------------

12 **OTHER OPERATING EXPENSES**

Advertising	200,000	-
Consulting fees	25,023	-
Meeting expenses	3,242	-
Office expenses	1,420	-
Other expenses	7,077	-
	<u>236,761</u>	<u>-</u>

13 **Income tax**

Reconciliation of income tax to accounting profit:

Loss before income tax expense	(360,318)	-
Tax rate	26%	27.5%
Prima facie tax payable on loss for the year	(93,683)	-
Add:		
Tax effect of:		
- unrecognised tax losses	93,683	-
Income tax expense	<u>-</u>	<u>-</u>

The effective tax rate for 30 June 2021 is 0% (30 June 2020: 0%).

R&D rebate amounting to AUD 346,517 has been recognized during the year and it is 43.5% of all eligible R&D expenditure. Eligible R&D expenditure is consist of all costs those are directly related to the R&D activity. See note 2.16 for the accounting policy on R&D rebate.

14 **RELATAED PARTY DISCLOSURE**

Related party	Relation	Transaction with related party
Junior Jay Pty Ltd ATF The JJC Consulting Services Trust	Associated company	<p>1. Consulting fees charged by Junior Jay Pty Ltd during the year amounting to \$ 130,279.54 out of which \$ 79,005 has been paid and \$ 51,275 is still payable.</p> <p>2. Loan taken from Junior Jay Pty Ltd amounting \$ 68,040 without any term and condition.</p> <p>3. Citech occupies the premises which is taken on lease by Junior Jay Pty Ltd. Total payable against this lease is \$ 286,943 by Citech out of which \$ 144,784 has been paid and 142,159 is still payable.</p>

**Critical Infrastructure Technologies Pty Limited**  
**Notes to the Financial Statements**  
**For the period ended 30 June 2021**

**15 Financial Instruments**

**(i) Capital Risk Management**

The Company activities may expose it to a variety of risks: market risk (including, interest rate risk and price risk), credit risk and liquidity risk. The Company overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

**(ii) Categories of Financial Instruments**

	<b>30-Jun-21</b>	<b>30-Jun-20</b>
	\$	\$
<b>Financial assets</b>		
Trade and other receivables	430,464	-
Cash and cash equivalents	22,046	-
Total financial assets	<b>452,510</b>	-
<b>Financial liabilities</b>		
Trade and other payables	369,244	-
Loan and borrowings	200,040	-
Convertible loan notes	535,000	-
Total financial liabilities	1,104,284	-
<b>Net financial assets</b>	<u><b>(651,774)</b></u>	<u><b>-</b></u>

During the financial year no loans or receivables were revalued through profit or loss.

**(iii) Market Risk**

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The company is not exposed to foreign exchange risk.

**(iv) Credit Risk Management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses publicly available financial information and its own trading record to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparty is a bank with a high credit rating assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

**(v) Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

**(vi) Liquidity and interest rate risk tables**

The following table details the Company's remaining contractual maturity for its financial liabilities. These are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

Year Ended 30 June 2021	Weighted Average Effective Interest Rate %	Less than 1	1 - 3	3 - 12	1 - 5
		Month	Months	Months	Years
Non-interest bearing	-	-	200,040	-	-
Interest bearing	10.00%	-	-	45,000	-
Convertible loan notes	5%	-	-	-	535,000

**(vii) Fair Value of Financial Instruments**

The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair value of other financial assets and liabilities (excluding derivative financial instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

**(viii) Interest Rate Sensitivity Analysis**

The sensitivity analyses below have been determined based on the exposure to interest rates for variable rate instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the change in interest rates.

**16 Subsequent Event**

On 21 December 2021, the shareholders and convertible loan note holders executed a Share Purchase Agreement with 1319275 BC Ltd to sell their shares in Critical Infrastructure Technologies Pty Ltd in exchange for shares in 1319275 BC Ltd as per Share Purchase Agreement executed on 14 December 2021 under schedule A.

A prospectus is currently being prepared by 1319275 BC Ltd in order to list on the Canadian Stock Exchange (CSE), which is expected to occur April/May 2022.

# ELDERTON

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## AUDIT PTY LTD

### AUDITOR'S INDEPENDENCE DECLARATION

To the members of Critical Infrastructure Technologies Pty Ltd

As auditor for the audit of Critical Infrastructure Technologies Pty Ltd for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit

Elderton Audit Pty Ltd  
Elderton Audit Pty Ltd'



Rafay Nabeel  
Audit Director

Perth  
17 March 2022

# ELDERTON

AUDIT PTY LTD

## Independent Audit Report to the members of Critical Infrastructure Technologies Pty Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Critical Infrastructure Technologies Pty Limited (the 'Company') which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and International Financial Reporting Standards.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards and International Standards on Auditing. Our responsibilities under those standards are further described as in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material Uncertainty Relating to Going concern

We draw attention to Note 2.15 in the financial statements, which indicates the Company's current liabilities exceeded its current assets by \$161,774 as at 30 June 2021 and incurred net losses of \$ 360,318 for the year then ended. As stated in Note 2.15, these events or conditions along with other matters as set forth in Note 2.15, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Other Information

The directors are responsible for the other information. The other information comprises the Review of Operations and Directors Report and other information included in the Company's annual report for the year ended 30 June 2021 but does not include the financial report and our auditor's report thereon.

The other information obtained at the date of this auditor's report is included in the annual report but does not include the financial report and our auditor's report thereon.

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

Limited liability by a scheme approved under Professional Standards Legislation

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

### **Responsibilities of Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Corporations Act 2001* and International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 Australian Auditing Standards and International Standards on Auditing 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 the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

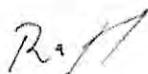
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a 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 in the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 financial report 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 going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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 the directors 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.

Elderton Audit Pty Ltd

**Elderton Audit Pty Ltd**

A handwritten signature in black ink, appearing to read 'Rafay' followed by a stylized flourish.

**Rafay Nabeel**  
Audit Director

17 March 2022  
Perth

APPENDIX E

UNAUDITED INTERIM FINANCIAL STATEMENTS OF CIP FOR THE  
THREE MONTHS ENDED SEPTEMBER 30, 2022

**CRITICAL INFRASTRUCTURE TECHNOLOGIES PTY LTD**

**ACN 55 636 999**

**FINANCIAL REPORT**

**FOR THE 3 MONTHS ENDED 30 SEPTEMBER 2022**

The directors present their report for Critical Infrastructure Technologies Pty Ltd ("company"), together with the financial statements for the three months ended 30 September 2022.

#### Directors

The following persons were directors of Critical Infrastructure Technologies Pty Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Andrew Hill  
Brenton Scott

#### Principal activities

During the financial year the principal continuing activities consisted of:

- ✓ Self-Deploying Skid (SDS) research and development
- ✓ Prototype building
- ✓ Production facility expansion

#### Dividends

No dividends were paid during the financial year.

#### Review of operations

The loss amounted to \$170,084 (30 June 2022: Loss \$607,493).

#### Significant changes in the state of affairs

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

#### Matters subsequent to the end of the year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

#### Likely developments and expected results of operations

Our ½ scale models will complete mid to late November, with production of 2 full scale SDS's to commence shortly after. Expected completion of the full scale SDS's is late March/ early April for deployment into the field for trial and testing.

1319275 BC Ltd has prepared a preliminary prospectus in order to list on the Canadian Stock Exchange (CSE) with expectation, following the review by the British Columbia Securities Commission, that a final prospectus will be lodged mid-December. Immediately prior to the final prospectus being lodged, our shareholders shares will transfer to 1319275 BC Ltd in exchange for shares in 1319275 BC Ltd.

#### Environmental regulation

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

#### Interests in the Shares and Options of the Company

The following relevant interests in shares / options of the Company or a related body corporate were held by the directors at 30 September 2022.

Directors	Number of Fully Paid Ordinary Shares	Number of Options
Andrew Hill (held indirectly)	21,295	Nil
Brenton Scott (held indirectly)	60,811	Nil

#### Legal Litigation

The Company is not subject to any significant legal litigation.

#### Directors Remuneration

The remuneration of the Directors is detailed in Table 1.

Table 1: Key Management Personnel Remuneration for the three months ended 30 September 2022.

	Primary Benefits	Post-Employment	Total
	Salary & Fees	Superannuation	
Directors	\$	\$	\$
Andrew Hill	45,000	4,725	49,725
Brenton Scott	45,000	4,725	49,725
<b>Total</b>	<b>90,000</b>	<b>9,450</b>	<b>99,450</b>

#### Shares under option

There were no unissued ordinary shares in the company under option outstanding at the date of this report.

#### Shares issued on the exercise of options

There were no ordinary shares in the company issued on the exercise of options during the three months ended 30 September 2022 and up to the date of this report.

#### Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

#### Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

#### Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

#### Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

#### Directors' Meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Brenton Scott	1	1
Andrew Hill	1	1

#### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

*"Brenton Scott"*

Brenton Scott

Director

18 November 2022

Perth, Western Australia

Critical Infrastructure Technologies Pty Ltd  
Directors' Declaration  
30 September 2022

In the directors' opinion:

- ✓ the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- ✓ the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- ✓ the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 September 2022 and of its performance for the financial year ended on that date;
- ✓ there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

"Brenton Scott"  
Brenton Scott  
Director

18 November 2022  
Perth, Western Australia

# ELDERTON

AUDIT PTY LTD

## Auditor's Independence Declaration

To those charged with the governance of Critical Infrastructure Technologies Pty Ltd

As auditor for the review of Critical Infrastructure Technologies Pty Ltd for the three-month period ended 30 September 2022, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and
- ii) no contraventions of any applicable code of professional conduct in relation to the review.

Elderton Audit Pty Ltd

**Elderton Audit Pty Ltd**



**Rafay Nabeel**  
Audit Director

18 November 2022

**Critical Infrastructure Technologies Pty Limited**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the three months ended 30 September 2022**

	Note	3 months ended 30 September 2022 \$	3 Months Ended 30 September 2021 \$
Other Operating expenses	4	21,663	5,972
Amortization - R&D		123,611	42,951
<b>Operating Income/ (loss)</b>		<b>(145,274)</b>	<b>(48,923)</b>
Finance cost		24,810	-
<b>Profit before taxation</b>		<b>(170,084)</b>	(48,923)
Taxation		-	-
<b>Profit/ (loss) for the period</b>		<b>(170,084)</b>	(48,923)
Other Comprehensive Income		-	-
<b>Total comprehensive loss attributable to members of Critical Infrastructure Technologies Pty Limited</b>		<b>(170,084)</b>	(48,923)

The accompanying notes form part of these financial statements.

**Critical Infrastructure Technologies Pty Limited**  
**Statement of Financial Position**  
**as at 30 September 2022**

	Note	3 months ended 30 September 2022 \$	12 Months Ended 30 June 2022 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	3,689	169,186
Trade and other receivables	6	1,038,081	1,011,212
<b>Total Current Assets</b>		<u>1,041,770</u>	<u>1,180,398</u>
<b>Non-Current Assets</b>			
Property plant and equipment	7	-	-
Lease Guarantee Deposit		87,559	87,559
Intangible assets	8	1,365,155	1,016,937
<b>Total Non-Current Assets</b>		<u>1,452,714</u>	<u>1,104,496</u>
<b>TOTAL ASSETS</b>		<u><u>2,494,484</u></u>	<u><u>2,284,894</u></u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	9	644,498	499,354
Loan and borrowings	10	1,187,080	1,118,050
Convertibles Loan Notes	11	139,002	139,002
<b>Total Current Liabilities</b>		<u>1,970,580</u>	<u>1,756,406</u>
<b>TOTAL LIABILITIES</b>		<u><u>1,970,580</u></u>	<u><u>1,756,406</u></u>
<b>NET ASSETS/ (LIABILITES)</b>		<u><u>523,904</u></u>	<u><u>528,488</u></u>
<b>EQUITY</b>			
Issued Capital	12	1,396,299	1,396,299
Advance for issuance for shares	13	265,500	100,000
Accumulated losses		<u>(1,137,895)</u>	<u>(967,811)</u>
<b>TOTAL EQUITY</b>		<u><u>523,904</u></u>	<u><u>528,488</u></u>

The accompanying notes form part of these financial statements.

**Critical Infrastructure Technologies Pty Limited**  
**Statement of Changes in Equity**  
**For the three months ended 30 September 2022**

	<b>Ordinary Shares</b>	<b>Retained Earnings</b>	<b>Advance for issue of shares</b>	<b>Total</b>
	\$	\$		\$
<b>Balance as at 1 July 2021</b>	1,099	(360,318)	-	(359,219)
Loss for three months	-	(48,923)	-	(48,923)
Balance as at 30 Sep 2021	1,099	(409,241)	-	(408,142)
<b>Balance as at 1 July 2022</b>	<b>1,396,299</b>	<b>(967,811)</b>	<b>100,000</b>	<b>528,488</b>
<b>Loss for three months</b>	<b>-</b>	<b>(170,084)</b>	<b>-</b>	<b>(170,084)</b>
<b>Advance for issuance of shares</b>	<b>-</b>	<b>-</b>	<b>165,500</b>	<b>165,500</b>
<b>Balance as at 30 Sep 2022</b>	<b>1,396,299</b>	<b>(1,137,895)</b>	<b>265,500</b>	<b>523,904</b>

The accompanying notes form part of these financial statements.

**Critical Infrastructure Technologies Pty Limited**  
**Statement of Cash Flows**  
**For the three months ended 30 September 2022**

	<b>3 months ended 30 September 2022 \$</b>	<b>3 months ended 30 September 2021 \$</b>
<b>Cash generated from operating activities</b>		
Profit before taxation	(170,084)	(48,923)
<b>Adjustment for:</b>		
Depreciation and amortization	123,611	42,951
Interest expense	24,810	-
	<u>(21,663)</u>	<u>(5,972)</u>
<b>Working capital changes (Increase)/ decrease in current assets</b>		
Increase in trade receivable	(26,869)	417,129
Increase in trade and other payables	145,144	(110,652)
	<u>96,612</u>	<u>300,505</u>
<b>Net cash generated from operating activities</b>		
<b>Cash flows used in investing activities</b>		
Development expenditure	(471,830)	(237,143)
	<u>(471,830)</u>	<u>(237,143)</u>
<b>Net Cash used in investing activities</b>		
<b>Cash flows provided by financing activities</b>		
Advance against issue of shares	165,500	-
Net Proceeds/(payment) from loans and borrowings	44,221	(77,746)
Proceeds from issue convertible loan notes	-	20,000
<b>Net cash provided by financing activities</b>	<u>209,721</u>	<u>(57,746)</u>
Net increase / (decrease) in cash held		
<b>Net decrease in cash and cash equivalents</b>	<b>(165,498)</b>	5,616
Cash and cash equivalents at beginning of the financial period	169,186	22,046
<b>Cash at end of the financial period</b>	<u><u>3,689</u></u>	<u><u>27,662</u></u>

The accompanying notes form part of these financial statements.

**Critical Infrastructure Technologies Pty Limited**  
**Notes to the Financial Statements**  
**For the three months ended 30 September 2022**

**1. LEGAL STATUS AND OPERATIONS**

Critical Infrastructure Technologies Pty Limited (Formerly named as Bluewater Marine Australia Pty Limited) (the Company) was incorporated as a Private limited company on October 08, 2019 under the Corporations Act, 2001 and it is the proprietary company, limited by shares having ACN 636 677 999. The registered office is located at 176 Marine Terrace Fremantle, Western Australia. The Company is principally engaged in developing communications products for critical applications in Mining, Emergency Services, Defense and Government.

The geographical location and addresses of the Company's business units including plants are as follows:

<b>Business unit</b>	<b>Geographical location and address</b>
Registered office	176 Marine Terrace Fremantle, Western Australia

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 BASIS OF PREPARATION**

These financial statements have been prepared on the basis of the policies set out in the 30 June 2022 annual financial statements and in accordance with IAS 34 'Interim Financial Reporting', IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board ('IASB'). Therefore, they include an explanation of events and transactions that are significant to an understanding of the changes in Company's financial position and performance since the end of 30 June 2022. These financial statements should be read in conjunction with the Annual Report and Accounts of 30 June 2022, which were prepared in accordance with international accounting standards and International Financial Reporting Standards ('IFRSs') as issued by the IASB, including interpretations issued by the IFRS Interpretations Committee.

***Historical cost convention***

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

***Critical accounting estimates***

The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses.

The estimates and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances and are continually evaluated. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods. Judgements made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy note.

Management believes that our critical accounting estimates and judgements are those that relate to impact of Coronavirus (COVID-19) pandemic, Allowance for expected credit losses, Fair value measurement hierarchy, Estimation of useful lives of assets, Impairment of Goodwill and other indefinite life intangible assets, Impairment of non-financial assets other than goodwill, provision for Income tax, provisions for liabilities, provision for defined benefit obligations and post-employment benefits. There were no changes in the current period to the critical accounting estimates and judgements applied in the financial statement as at 30 June 2022.

### ***Going Concern***

During the three month period ended 30 September 2022, The Company incurred net loss after tax of A\$ 170,084 and has a net current Liabilities of A\$ 928,810. As at 30 September 2022, the company had cash and cash equivalents of A\$ 3,689.

The Financial statement has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realization of assets and settlement of liabilities in the normal course of business.

In arriving at this position, the directors have had regard to the fact that the Company has, or in the directors' opinion will have access to, sufficient cash to fund administrative and other committed expenditure for a period of not less than 12 months from the date of this report.

In forming this view the directors have taken into consideration the following:

- The ability of the Company to obtain funding through various sources, including debt and equity issues which are currently being investigated by management;
- Receipt of R&D receivable amounting to \$ 812,924 after the reporting period
- Conversion of all convertible notes to **ordinary** shares as described in Note 11 and Note 15.
- The Company has the capacity, if necessary, to reduce its operating cost structure in order to minimize its working capital requirements; and
- The ability to further vary cash flow depending upon the achievement of certain milestones within the business plan.
- The directors have reasonable expectations that they will be able to raise additional funding needed for the Company to continue to execute against its milestones in the medium term. However, cashflows will be adjusted to ensure that the Company can pay its debts as and when they fall due until medium term funding is secured. This may have an impact on the ability of the Company to grow as rapidly as it anticipated but should provide a more sustainable cost base until funding is obtained.

Should the Company not achieve the matters set out above there is significant uncertainty whether the Company will continue as going concern and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial statement. The financial report does not include any adjustment relating to the recoverability or classification of the recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

**3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS**

**3.1 Standards, amendments to approved accounting standards effective in current year**

New and amended standards and interpretations mandatory for the first time for the financial year beginning July 1, 2022:

**IAS 20 Governments Grants and Disclosure of Government Disclosure**

Disclosures by Business Entities about Government Assistance

**Effective date**

The amendments in this Update are effective for all entities within their scope for financial statements issued for annual periods beginning after December 15, 2021.

**3.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company.**

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2022 and have not been early adopted by the Company:

**IFRS 5 Fair Value Measurement**

Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions

**Effective date**

The amendments are effective for fiscal years beginning after December 15, 2024.

**IFRS 9 Financial Instruments**

Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures.

This Update are effective for fiscal years beginning after December 15, 2022.

Derivatives and Hedging (Topic 815): Fair Value Hedging—Portfolio Layer Method

The amendments are effective for fiscal years beginning after December 15, 2023.

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

**Critical Infrastructure Technologies Pty Limited**  
**Notes to the Financial Statements**  
**For the three months ended 30 September 2022**

	<b>3 months ended</b>	3 Months Ended
	<b>30 September</b>	30 September
	<b>2022</b>	2021
	\$	\$
<b>4 OTHER OPERATING EXPENSES</b>		
Accounting	4,225	2,730
Meeting Expenses	1,395	2,051
Other expenses	16,042	1,191
	<u>21,663</u>	<u>5,972</u>
	<b>3 months ended</b>	12 Months Ended
	<b>30 September</b>	30 June 2022
	<b>2022</b>	<b>2022</b>
	\$	\$
<b>5 CASH AND CASH EQUIVALENT</b>		
Cash in hand	1,099	1,099
Cash at bank	2,590	168,087
	<u>3,689</u>	<u>169,186</u>
<b>6 TRADE AND OTHER RECEIVABLE</b>		
R&D rebate receivable	812,924	812,923
Goods and service tax	225,158	198,289
	<u>1,038,081</u>	<u>1,011,212</u>
<b>7 PROPERTY PLANT AND EQUIPMENT</b>		
Office Equipment	12,649	12,649
Accumulated Depreciation	(12,649)	(12,649)
	<u>-</u>	<u>-</u>
<b>8 INTANGIBLE ASSETS</b>		
Research and development expenditure	1,977,769	1,505,940
Less: accumulated amortization and impairment	(612,614)	(489,003)
	<u>1,365,155</u>	<u>1,016,937</u>
<b>9 TRADE AND OTHER PAYABLES</b>		
Rent payable	40,147	-
R & D equipment	154,496	162,508
Consulting fees	82,626	77,486
Superannuation payable	25,110	17,694
Accrued wages	99,189	46,814
Withholding tax payables	242,930	194,852
	<u>644,498</u>	<u>499,354</u>

## 10 LOAN AND BORROWINGS

Loan - 1319275 B.C. LTD	10.1	207,915	207,915
Loan - Foresense Ltd	10.2	116,391	112,185
Loan from Junior Jay Pty Ltd ATF The JJC Consulting Services Trust	10.3	325,836	281,615
Loan from Radium Capital	10.4	536,939	516,335
		<u>1,187,080</u>	<u>1,118,050</u>

10.1 Loan taken amounting to C\$50,000 and C\$150,000 from 1319275 B.C. LTD on 17 Dec 2021 and March 2022 respectively having simple interest rate @ 10% per annum. These loans are payable on maturity dates 17 Dec 2022 and 31 July 2023 respectively. Interest will be paid on post maturity balance on the event of default.

10.2 Loan obtained from Foresense Ltd amounting to \$ 100,000 having simple interest rate @ 15%.

10.3 Loan obtained from Junior Jay Pty Ltd ATF The JJC Consulting Services Trust which is associated to the company. Loan is taken without any terms and condition and repayment reschedule.

10.4 Loan Obtained amounting to \$ 265,000 and \$235,000 dated 29 Jan 2022 and 29 Jun 2022 respectively and carry simple interest rate @ 15% and 14%. These loans are repayable on maturity dated 30 Nov 2022.

<b>3 months ended</b>	12 Months Ended
<b>30 September</b>	30 June 2022
<b>2022</b>	\$
<b>\$</b>	<b>\$</b>

## 11 CONVERTIBLE LOAN NOTES

Convertible loan notes	11.1	139,002	139,002
------------------------	------	---------	---------

11.1 The Company proposed to issue unlisted debt notes to raise up an amount equal to the Aggregate Face Value (Notes). The Noteholder has agreed to subscribe for some of the Notes, in an amount equal to its Subscription Amount on the terms and conditions of the deed. The Notes are governed by the terms and conditions of the deed. These convertible notes have period of maturity of 18 months from the date of receipt and will start maturing on 3 September 2022.

<b>3 months ended</b>	12 Months Ended
<b>30 September</b>	30 June 2022
<b>2022</b>	\$
<b>\$</b>	<b>\$</b>

## 12 ISSUED CAPITAL

Fully paid ordinary shares	1,396,299	1,099
Share issued	-	1,395,200
	<u>1,396,299</u>	<u>1,396,299</u>

13 This represent the money received in advance against the shares to be issued.

#### 14 RELATAED PARTY TRANSACTION

Related party	Relation	Transaction with related party
Junior Jay Pty Ltd ATF The JJC Consulting Services Trust	Associated company	<ul style="list-style-type: none"> <li>▪ Consulting fees charged by JJC Consulting Services Trust during the three months amounting to \$49,725.</li> <li>▪ As at 30 September 2022, \$325,836 was due to Junior Jay (being a combination of outstanding consulting fees and rent due, plus loans advanced to Citech</li> <li>▪ Citech occupies the premises which is taken on lease by Junior Jay Pty Ltd. During the year rent charged to income statement is amounting \$101,237.</li> </ul>

#### 15 SUBSEQUENT EVENT

On 26th October 2022, all convertible loan note holders and advance against issue of shares were converted to fully paid shares.

#### 16 FINANCIAL INSTRUMENTS

##### (i) Capital Risk Management

The Company activities may expose it to a variety of risks: market risk (including, interest rate risk and price risk), credit risk and liquidity risk. The Company overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

##### (ii) Categories of Financial Instruments

	30 September 2022 \$	30 June 2022 \$
<b>Financial assets</b>		
Trade and other receivables	1,038,081	1,011,212
Cash and cash equivalents	<u>3,689</u>	<u>169,186</u>
<b>Total financial assets</b>	<b>1,041,770</b>	<b>1,180,398</b>
<b>Financial liabilities</b>		
Trade and other payables	644,498	499,354
Loan and borrowings	1,187,080	1,118,050
Convertible loan notes	<u>139,002</u>	<u>139,002</u>
Total financial liabilities	<u>1,970,580</u>	<u>1,756,406</u>
<b>Net financial assets</b>	<b><u>(928,810)</u></b>	<b><u>(576,008)</u></b>

During the financial year no loans or receivables were revalued through profit or loss.

##### (iii) Market Risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The

The company is not exposed to foreign exchange and interest rate risk.

**(iv) Credit Risk Management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses publicly available financial information and its own trading record to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparty is a bank with a high credit rating assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

**(v) Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

**(vi) Liquidity and interest rate risk tables**

The following table details the Company's remaining contractual maturity for its financial liabilities. These are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	Weighted Average Effective Interest Rate %	Less than 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years
<b>For the three months ended 30 September 2022</b>					
Non-interest bearing		-	-	325,836	-
<b>Interest bearing</b>					
Convertible loan notes	5%	-	-	139,002	-
Loan - 1319275 B.C. LTD	10%	-	-	207,915	-
Loan - Foresense Ltd	15%	-	-	116,391	-
Loan from Radium Capital	15%&14%	-	-	536,939	-

**(vii) Fair Value of Financial Instruments**

The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

- The fair value of other financial assets and liabilities (excluding derivative financial instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

**(viii) Interest Rate Sensitivity Analysis**

The sensitivity analyses have been determined based on the exposure to interest rates for variable rate instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the change in interest rates.

# ELDERTON

AUDIT PTY LTD

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Critical Infrastructure Technologies Pty Ltd

### Report on the three-month period Financial Report

#### *Conclusion*

We have reviewed the three-month period financial report of Critical Infrastructure Technologies Pty Ltd (the 'Company'), which comprises the statement of financial position as at 30 September 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the three-month period ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying three-month financial report of the Company does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Company's financial position as at 30 September 2022 and of its performance for the three-month period ended on that date; and

(b) complying with Australian and International Accounting Standards AASB 134 and IAS 34 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### **Basis for Conclusion**

We conducted our review in accordance with ASRE 2410 and International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (issued by International Auditing and Assurance Standards Board). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

#### **Material Uncertainty Relating to Going concern**

We draw attention to Note 2 in the financial statement, which indicates the Company's current liabilities exceeded its current assets by \$ 928,810 and it had accumulated losses of \$ 1,137,895 as at 30 September 2022. As stated in note 2, these events or conditions along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### **Responsibility of Management for the Financial Report**

The directors of the Company are responsible for the preparation of the three-month financial report that gives a true and fair view in accordance with Australian and International Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the three-month financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Limited liability by a scheme approved under Professional Standards Legislation

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### ***Auditor's Responsibility for the Review of the Financial Report***

Our responsibility is to express a conclusion on the three-month financial report based on our review. ASRE 2410 and International Standard on Review Engagements 2410 (issued by International Auditing and Assurance Standards Board) require us to conclude whether we have become aware of any matter that makes us believe that the three-month financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 30 September 2022 and its performance for the three months ended on that date, and complying with Accounting Standards AASB 134 and IAS 34 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a three-month financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.

Accordingly, we do not express an audit opinion.

Elderton Audit Pty Ltd

**Elderton Audit Pty Ltd**



**Rafay Nabeel**

Audit Director

18 November 2022

Perth

**APPENDIX F**

**PRO FORMA FINANCIAL STATEMENTS**

Unaudited Pro Forma Consolidated Financial Statements

**1319275 B.C. LTD**

September 30, 2022

(Expressed in Canadian Dollars)

(Prepared by Management)

**1319275 B.C. LTD**

## Unaudited Pro Forma Consolidated Statement of Financial Position

(Expressed in Canadian Dollars)

	1319275 BC Ltd.	CITP			
	As at September 30,	As at September 30,			
	2022	2022	Pro Forma		Pro Forma
	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>adjustments</u>	<u>Note</u>	<u>consolidated</u>
<b>ASSETS</b>	\$	\$	\$		\$
<b>Current Assets</b>					
Cash	15,115	3,246	1,528,678	5(b),(d),(e)	1,547,040
Trade and other receivables	200,000	913,511	(200,000)	5(a)	913,511
<b>TOTAL CURRENT ASSETS</b>	<b>215,115</b>	<b>916,758</b>	<b>1,328,678</b>		<b>2,460,551</b>
<b>NON-CURRENT ASSETS</b>					
Intangible assets	-	1,201,336	-		1,201,336
Security Deposit	-	77,052	-		77,052
<b>TOTAL NON-CURRENT ASSETS</b>	<b>-</b>	<b>1,278,388</b>	<b>-</b>		<b>1,278,388</b>
<b>TOTAL ASSETS</b>	<b>215,115</b>	<b>2,195,146</b>	<b>1,328,678</b>		<b>3,738,939</b>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Trade and other payables	76,543	567,158	-		643,701
Loan and Borrowings	-	1,044,630	(486,736)	5(a),(b)	557,895
Convertible Loan Notes	-	122,322	(122,322)	5(b)	-
<b>TOTAL LIABILITIES</b>	<b>76,543</b>	<b>1,734,110</b>	<b>(609,057)</b>		<b>1,201,596</b>
<b>NET ASSETS (LIABILITIES)</b>	<b>138,572</b>	<b>461,036</b>	<b>1,937,736</b>		<b>2,537,343</b>
<b>EQUITY</b>					
Share Capital	835,550	1,228,743	11,120,826	5(b),(d),(e)	13,185,119
Reserves	132,239	233,640	2,287,087	5(c),(d)	2,652,966
Retained earnings (losses)	(829,217)	(1,001,348)	(11,470,177)	5(c),(d)	(13,300,741)
<b>TOTAL EQUITY (DEFICIT)</b>	<b>138,572</b>	<b>461,036</b>	<b>1,513,986</b>		<b>2,537,343</b>

**1319275 B.C. LTD**

## Unaudited Pro Forma Consolidated Statement of Loss and Comprehensive Loss

For the three months ended September 30, 2022

(Expressed in Canadian Dollars)

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	1319275 BC Ltd. <u>(unaudited)</u> \$	CITP <u>(unaudited)</u> \$	Pro Forma <u>adjustments</u> \$	Pro Forma <u>Note</u>	Pro Forma <u>consolidated</u> \$
Administrative Expenses	109,241	19,713	-		128,954
Other Operating Expenses	-	112,486	-		112,486
Total Operating Expenses	109,241	132,199	-		241,440
Other income/loss	-	-	12,299,394	5(c)(d)	12,299,394
Finance Cost	-	22,577	-		22,577
Total Other	-	22,577	12,299,394		12,321,971
<b>Net Loss</b>	<b>109,241</b>	<b>154,776</b>	<b>12,299,394</b>		<b>12,563,411</b>

**1319275 B.C. LTD**

## Unaudited Pro Forma Consolidated Statement of Loss and Comprehensive Loss

For the period from incorporation on August 11, 2021 to June 30, 2022

(Expressed in Canadian Dollars)

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	1319275 BC Ltd. <u>(audited)</u> \$	CITP <u>(unaudited)</u> \$	Pro Forma <u>adjustments</u> \$	Note	Pro Forma <u>consolidated</u> \$
Administrative Expenses	719,976	-	-		719,976
Other Operating Expenses	-	485,883	-		485,883
Total Operating Expenses	719,976	485,883	-		1,205,859
Other income/loss	-	-	12,299,394	5(c)(d)	12,299,394
Finance Cost	-	85,160	-		85,160
Total Other	-	85,160	12,299,394		12,299,394
<b>Net Loss</b>	<b>719,976</b>	<b>571,043</b>	<b>12,299,394</b>		<b>13,590,413</b>

## **1319275 B.C. LTD**

Notes to Unaudited Pro Forma Consolidated Financial Statements

As at September 30, 2022

(Expressed in Canadian dollars)

### **1. Description of Business**

The accompanying unaudited pro forma consolidated financial statements of 1319275 B.C. Ltd. (the “Company”) has been prepared to give effect to the proposed acquisition of all of the issued and outstanding common shares of Critical Infrastructure Technologies Pty Ltd (“CITP”), referred to hereafter as the “Transaction”, and the resulting combined entity as the “Resulting Issuer”. The Resulting Issuer will have a June 30 year end.

The Company was incorporated under the Business Corporations Act of British Columbia on August 11, 2021. The principal business of the Company is to identify, evaluate and then acquire an interest in a business or assets.

CITP was incorporated as a Private Limited company on October 8, 2019 under the Corporations Act of Australia. CITP is a product development, manufacturer and services company powered by a team made up of engineers, marketing specialists and financial experts. CITP’s design capability extends to a wide range of rapidly deployable communications and power systems to support life and mission critical applications for sectors such as the military and emergency service sectors.

### **2. Accounting Policies**

These unaudited pro forma consolidated financial statements have been compiled using the significant accounting policies as set out in the audited consolidated financial statements of CITP as of June 30, 2022. Management has determined that no material pro forma adjustments are necessary to conform the Company's accounting policies to the accounting policies used by CITP in the preparation of its audited financial statements.

## 1319275 B.C. LTD

### Notes to Unaudited Pro Forma Consolidated Financial Statements

As at September 30, 2022

(Expressed in Canadian dollars)

#### 3. Basis of Presentation

The unaudited pro forma consolidated statement of financial position has been prepared to give effect to the Transaction as if it closed on September 30, 2022. The unaudited pro forma consolidated statements of loss and comprehensive loss for the three months ended September 30, 2022 and for the period from incorporation on August 11, 2021 to June 30, 2022 have been prepared to give effect to the transaction as if it closed on July 1, 2022 and August 11, 2021 respectively. None of these statements are intended to be indicative of the financial position or results of the Company that will exist following closing of the Transaction. Actual amounts recorded when the Transaction closes will likely differ from those recorded in unaudited pro forma consolidated financial statements. No adjustments have been made to capture any potential synergies that may be realized from the Transaction.

The unaudited pro forma consolidated financial statements of the Company are presented in Canadian dollars and have been compiled from the following financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and with reference to the accounting policies disclosed therein:

- The unaudited financial statements of the Company as at and for the three and nine months ended September 30, 2022; and
- The audited financial statements of the Company for the period from incorporation on August 11, 2021 to December 31, 2021;
- The audited financial statements of CITP as at, and for the year ended June 30, 2022 and 2021.
- The unaudited financial statements of CITP for the six months ended December 31, 2021.
- The unaudited financial statements of CITP for the three months ended September 30, 2022

The financial statements of CITP have been converted from their presentation currency of Australian dollars (AUD) into the presentation currency of these pro forma financial statements in Canadian dollars (CAD) at the following rates:

- As at September 30, 2022 – rate of 0.88 AUD per CAD
- For the three months from July 1, 2022 to September 30, 2022 – rate of 0.91 AUD per CAD
- For the period from incorporation to June 30, 2022 – rate of 0.94 AUD per CAD

The unaudited pro forma consolidated financial statements do not contain all of the information required for annual financial statements. Accordingly, it should be read in conjunction with the most recent audited annual for CITP and unaudited interim financial statements of the Company .

## **1319275 B.C. LTD**

Notes to Unaudited Pro Forma Consolidated Financial Statements

As at September 30, 2022

(Expressed in Canadian dollars)

### **4. Proposed Reverse Takeover (“RTO”) Transaction**

On December 14, 2021 the Company signed the Share Purchase Agreement (“SPA”) with CIP, as subsequently amended, by which the Company anticipates all of the issued and outstanding shares of CIP in exchange for 48,135,399 common shares, 3,269,416 warrants “Actium Warrants”, and 37,119,080 “Performance Shares” of the Company. The Performance Warrants are issuable subject to closing the Transaction, and the Performance Shares are issuable subject to meeting milestones based on revenues of the Resulting Issuer.

The Company does not meet the definition of a business nor does the Transaction meet the definition of a business combination under IFRS 3. The Transaction constitutes a reverse takeover of the Company by CIP and has been accounted for as a reverse acquisition in accordance with the guidance provided in IFRS 2, Share-based Payment.

For accounting purposes, CIP was treated as the accounting parent company (legal subsidiary) and the Company has been treated as the accounting subsidiary (legal parent) in the unaudited pro forma consolidated statement of financial position. Accordingly, as a result of the transaction, the pro forma financial statements have been adjusted for the elimination of the Company’s equity balances.

The pro forma adjustments and allocations of the estimated consideration transferred are based in part on estimates of the fair value of assets to be acquired and liabilities to be assumed. The final determination of the consideration transferred and the related allocation of the fair value of the Company’s net assets to be acquired pursuant to the Transaction will ultimately be determined after the closing of the transactions.

## **1319275 B.C. LTD**

Notes to Unaudited Pro Forma Consolidated Financial Statements

As at September 30, 2022

(Expressed in Canadian dollars)

### **5. Pro Forma Adjustments and Assumptions**

- a) A loan between the Company and CITP has been eliminated from the Company's trade and other receivables in the amount of \$200,000, and CITP's loan and borrowings accounts, in the amount of \$200,000 as it will become an inter-company balance for the Resulting Issuer.
- b) An adjustment has been made to reflect the financings completed by CITP which will convert into common shares of the resulting issuer on consummation of the Transaction. The entries include a decrease to Loans and Borrowings of \$286,736, Convertible Notes of \$122,322, and equity advance for issuance of shares of \$233,640, for amounts raised prior to September 30, 2022, with a corresponding increase to share capital of \$642,697. In addition, \$809,928 Cash was increased for amounts subsequently raised, which was entered into share capital, offset by \$161,581 as the value of advisory shares determined to be share issuance costs.
- c) An adjustment has been made to increase expenses and reserves in the amount of \$442,098 being the value of 3,269,416 warrants issuable to an advisor upon closing of the Transaction. The Black Scholes model was used to value these warrants with the following inputs: stock price of \$0.30, exercise price of \$0.30, volatility of 100%, expected life of eighteen months, and a risk-free rate of 1.52%. No adjustment has been made to record issuance of the Performance Shares (Note 4) because of the significant uncertainty regarding when or if the requisite milestones will be achieved resulting in their issuance.

## 1319275 B.C. LTD

### Notes to Unaudited Pro Forma Consolidated Financial Statements

As at September 30, 2022

(Expressed in Canadian dollars)

#### 5. Pro Forma Adjustments and Assumptions (con't...)

- d) An adjustment was made to give effect to the RTO, including:
- Elimination of the Company's historical equity including share capital of \$835,550, reserves of \$132,239, and deficit of \$829,217.
  - Increase to share capital of \$9,285,000 and reserves of \$2,210,868 for common shares, options, and warrants retained by the Company's shareholders in the resulting issuer post-closing of the Transaction, with the fair value of these equity instruments determined as shown in the below table.
  - Decrease to cash in the amount of \$500,000 as the estimated transaction costs
  - An increase to expenses of \$11,857,296 as the amount of the listing expense, determined as shown in the table below.

	\$
<b>Consideration Transferred</b>	
30,950,000 common shares at a fair value of \$0.30 per share (1)	9,285,000
300,000 replacement stock options (2)	70,302
5,000,000 warrants (3)	1,081,364
5,673,902 replacement warrants (4)	1,059,202
Transaction costs	500,000
<b>Total consideration</b>	<b>11,995,868</b>
Less:	
Net assets of the Company at September 30, 2022	(138,572)
<b>Listing expense</b>	<b>11,857,296</b>

- (1) – common shares valued at \$0.30 based on the price of the Special Warrant financing (Note 5e)
- (2) – The Black Scholes model was used to value these options with the following inputs: stock price of \$0.30, exercise price of \$0.24, volatility of 100%, expected life of 5 years, and a risk-free rate of 1.52%.
- (3) – The Black Scholes model was used to value these warrants with the following inputs: stock price of \$0.30, exercise price of \$0.30, volatility of 100%, expected life of 4.5 years, and a risk-free rate of 1.52%.
- (4) - The Black Scholes model was used to value these warrants with the following inputs: stock price of \$0.30, exercise price of \$0.30, volatility of 100%, expected life of years, and a risk-free rate of 1.52%.

- e) An adjustment was made to recognize the proceeds of the Special Warrant financing, with an increase to cash of \$1,218,750, and a corresponding increase to share capital.

## 1319275 B.C. LTD

### Notes to Unaudited Pro Forma Consolidated Financial Statements

As at September 30, 2022

(Expressed in Canadian dollars)

#### 6. Pro Forma Share Capital

Shares in the unaudited pro forma consolidated financial statements are comprised of the following:

	Note	Number of Shares	Share Capital (\$)
The Company's common shares outstanding at September 30, 2022		30,950,000	835,550
RTO adjustment to eliminate the Company's equity	5(d)(i)	-	(835,550)
CITP financing subsequent to September 30, 2022, net of issuance costs	5(b)		1,452,626
Common shares issued to CITP shareholders	4	48,135,399	1,228,743
Consideration transferred to the Company's shareholders	5(d)(ii)	-	9,285,000
Special warrant financing	5(e)	4,062,500	1,218,750
<b>Pro forma consolidated share capital</b>		<b>83,147,899</b>	<b>13,185,119</b>

**APPENDIX G**

**MD&A OF THE COMPANY FOR THE PERIOD ENDED DECEMBER 31, 2021**

**1319275 B.C. LTD**

Management's Discussion and Analysis

for the period from incorporation on August 11, 2021 to December 31, 2021

Prepared as of February 10, 2023

## **ABOUT THIS MD&A**

The following management's discussion and analysis ("**MD&A**") of financial condition and results of operations of 1319275 B.C. Ltd (the "**Company**") should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2021, 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 10, 2023, pursuant to the disclosure requirements under National Instrument 51-102 - *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

## **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 principal business of the Company is to identify, evaluate and then acquire an interest in a business or assets. The Company's continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of or participation in an interest in properties, assets or businesses. There can be no assurance that the Company will be able to complete such activities or obtain financing to continue; therefore, a material uncertainty exists that casts significant doubt over the Company's ability to continue as a going concern.

## **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.

On August 11, 2021, the Company completed a non-brokered private placement of 500,000 common shares in the capital of the Company (the "**Common Shares**") at a price of \$0.0001 per share, for gross proceeds of \$50. No finder's fees were paid in connection with such private placement.

On October 25, 2021, the Company completed a non-brokered private placement of 10,000,000 units of the Company (the "**October Units**") at a price per October Unit of \$0.005, for gross proceeds of \$50,000. Each October Unit is comprised of one Common Share and one-half of one common share purchase warrant (each whole warrant, an "**October Warrant**"). Each October Warrant is exercisable to acquire one Common Share at a price of \$0.10 per share until October 25, 2026. Effective as of October 11, 2022, the exercise price of the October Warrants was re-priced to \$0.30. No finder's fees were paid in connection with such private placement.

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 December 17, 2021, the Company provided CITP with a loan in the aggregate amount of \$50,000. The loan will not accrue interest prior to the maturity date, being December 17, 2022, which was extended until March 31, 2023. If the loan is not repaid on or prior to its maturity date, then it shall accrue interest at a rate of 10% per annum until it is repaid in full. If any payment of interest is not paid within two days of the payment's due date, the Company may, in its sole discretion, capitalise the outstanding interest and add it to the principal amount that is outstanding at that time.

## **SELECTED ANNUAL INFORMATION**

(Information extracted from the Company's audited financial statements)

### **Selected Annual Financial Information** *(Expressed in Canadian Dollars)*

	<b>Year ended December 31, 2021 (audited)</b>
Total revenue	Nil
Net loss	\$(133,418)
Loss per share (basic and diluted)	\$(0.03)
Total assets	\$64,632
Shareholders' equity	\$54,632
Share capital	\$50,050
Share to be issued	\$138,000
Deficit	\$(133,418)

## **DISCUSSION OF OPERATIONS**

Share capital increased as securities were issued to raise equity. As at December 31, 2021, the Company has total assets of \$64,632, which includes \$50,000 advanced to CITP as a loan. During the year ended December 31, 2021, the Company didn't have any revenue; however, the Company spent \$133,418 on advisory, legal, and accounting fees during the year ended December 31, 2021.

## **LIQUIDITY AND CAPITAL RESOURCES**

For the year ended December 31, 2021, the Company received an aggregate amount of \$188,050 from financing activities. The amount received from financing activities is comprised in its entirety of proceeds from non-brokered private placements of securities of the Company. As of December 31, 2021, the Company has an aggregate of 10,500,000 Common Shares and 5,000,000 October Warrants issued and outstanding.

<b>CASH FLOW ANALYSIS</b>	
<b>Operating Activities</b>	
Loss for the period	\$(133,418)
Items not involving cash:	
Net changes in non-cash working capital items:	
Accounts payable and accrued liabilities	\$10,000
Net Operating Activities	\$(123,418)
<b>Investing Activity:</b>	
Loan receivable	\$(50,000)
<b>Financing Activity:</b>	
Proceeds from share issuance	\$50,050
Proceeds from shares to be issued	\$138,000
	\$188,050
Cash, end of the period	\$14,632

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 December 31, 2021 the Company had a cash balance of \$14,632. The Company had accumulated deficit of \$133,418 and working capital of \$54,632. During the year ended December 31, 2021, cash used in operating activities was \$123,418. \$50,000 was advanced to CITP as a loan during the year ended December 31, 2021. Cash provided from private placements for the year ended December 31, 2021, was \$188,050. The Company has no assets and has no pledges as security for loans, or otherwise and is not subject to any debt covenants.

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 Company's shareholders and may result in dilution to the value of such interests.

Historically, the Company's sole source of funding has been from 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.

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

During the year ended December 31, 2021, the Company has not entered into any off-balance sheet arrangements.

#### **RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

As at December 31, 2021, \$nil was due to related parties.

#### **PROPOSED TRANSACTIONS**

The Company entered into the SPA with CITP and the CITP Shareholders. Pursuant to the SPA, the Company has agreed to purchase and the CITP Shareholders have agreed to sell 100% of the CITP Shares. As consideration for the sale of 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.

## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the fair value of Common Shares issued to settle accounts payable.

## **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

## **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values.

The three levels of the fair value hierarchy are:

- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices that are observable for the assets or liability either directly or indirectly; and
- Level 3 – inputs that are not based on observable market data.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The board of directors of the Company approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts and subscription receivable. The majority of cash is deposited in bank accounts held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. Credit risk related to cash is assessed as low. Subscription receivable was owed by subscribers to the Company's private placements. Credit risk related to subscription receivable was assessed as low.

### **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. As of December 31, 2021, the Company had working capital of \$54,632.

Historically, the Company's sole source of funding has been 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.

### **Foreign Exchange Risk**

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to foreign exchange risk.

### **Interest Rate Risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at December 31, 2021, the Company did not have any financial instruments subject to interest rate risk.

### **Price Rate Risk**

The Company has no exposure to price risk with respect to equity prices as the Company is not listed. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

### **Management of Capital**

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity and cash. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

### **SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies in Note 4 of the Company's audited consolidated financial statements for the year ended December 31, 2021, have been consistently applied to all periods presented in the Financial Statements.

### **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Please see Note 10 of the Company's audited consolidated financial statements for the year ended December 31, 2021, for full discussion on financial instruments, the fair value measurement and associated risk management.

### **SUMMARY OF OUTSTANDING SHARE DATA**

As at the date of this MD&A, the Company has 30,950,000 Common Shares issued and outstanding, 10,673,902 warrants outstanding, and 300,000 stock options outstanding.

### **KEY DEVELOPMENTS SUBSEQUENT TO DECEMBER 31, 2021**

On February 28, 2022, the Company completed a non-brokered private placement of 14,400,000 Common Share of \$0.02 per share for gross proceeds of \$288,000. Of these total proceeds, the Company had previously received \$88,000 during the year ended December 31, 2021. No finder's fees were paid in connection with such private placement.

On March 31, 2022, pursuant to a loan agreement between the Company and CITP, the Company provided CITP with an additional loan in the aggregate amount of \$150,000 (\$44,000 advanced on March 31, 2022, \$75,000 advanced on April 14, 2022 and \$31,000 advanced on April 21, 2022). The loan matures on July 31, 2023, and has the same terms and conditions as the previous loan advanced by the Company to CITP.

On March 31, 2022, the Company completed a non-brokered private placement of 1,000,000 Common Shares of \$0.15 per share, for gross proceeds of \$150,000. No finder's fees were paid in connection with such private placement.

On April 30, 2022, the Company and Alke Capital Limited ("**Alke**") entered into the investment and advisory agreement dated April 30, 2022 (the "**Alke Agreement**"). Pursuant to the Alke Agreement, Alke will (a) provide certain advisory services to the Company, ("**Alke Advisory Services**"), and (b) make available to the Company a non-revolving equity drawdown facility in the aggregate amount of up to \$5,000,000 (the "**Funding Commitment**").

The Funding Commitment is for an aggregate amount of \$5,000,000 and a term of three years. In addition, the Company may use the Funding Commitment as security, with the consent of Alke, to secure additional financing avenues if it so chooses. Upon listing of the Common Shares on the Canadian Stock Exchange (the "**Listing**") and under the terms of the Alke Agreement, the Company can immediately start drawing down funds from the \$5,000,000 Funding Commitment during the three-year term at the Company's discretion by providing a notice to Alke (an "**Alke Drawdown Notice**"), assuming that there is sufficient trading volume in the Company's common shares (the "**Trading Volume Condition**").

**There is no guarantee that the Company will satisfy the Trading Volume Condition to allow for the Funding Commitment to be drawn down as needed or at all.**

The Alke Advisory Services include (a) advisory services with respect to general corporate and public company matters; (b) assistance in identifying strategic investment opportunities for the Company; and (c) such other services as agreed to by the Company and Alke in writing from time-to-time. The Alke Advisory Services provided by Alke including compensation related to any specific services to the Company pursuant to the Alke Agreement will be on a project specific basis. In connection with the provision of the Alke Advisory Services, the Company paid an initial fee of \$2,500, paid by the issuance of 50,000 shares at \$0.05 per share on April 30, 2022.

Additionally, the Company paid to Alke a commitment fee of \$225,000 on April 30, 2022, which is equal to 4.5% of the Funding Commitment, paid by the issuance of 4,500,000 shares at \$0.05 per share, and issued 5,673,902 common share purchase warrants. The warrants will be exercisable by Alke until April 30, 2025, at a price per share equal to \$0.30.

Furthermore, the Company has been advised that Alke has provided similar funding commitments to two other companies, each in the amount of \$5,000,000, for an aggregate commitment amount of \$15,000,000 (inclusive of the Funding Commitment). Alke has represented to the Company that: (a) it has sufficient resources to satisfy its obligations under each acceptance notice delivered by Alke in accordance with the terms of the Alke Agreement, (b) as of December 16, 2022, Alke has over \$5,000,000 in net assets, and (c) if Alke lacks liquidity to fund the obligations under an acceptance notice, then Alke has access to various sources of capital to ensure performance of its obligations under the Alke Agreement. **However, as of the date of this MD&A, the Company was not able to independently verify Alke's representations and financial abilities.**

**In the event that the Company is unable to draw down on the Funding Commitment as required, the Company may require additional financing in order to carry out its current business and/or its proposed growth strategy. As a result of intense competition, governmental regulation as well as global economic volatility, the Company may, from time to time, have restricted access to capital and increased borrowing costs. Failure to obtain any required financing on a timely basis could cause the Company to fail to execute its proposed growth strategy, continue to develop its business, satisfy the demands of its customers and reduce or terminate its operations.**

The Company entered into an independent director services agreement dated effective May 13, 2022, with Mr. Richard Paolone, a director of the Company, to provide director related services, whereby the Company will pay Mr. Paolone a base salary of \$6,000 plus HST per annum. Pursuant to such agreement, the Company has also (a) agreed to pay for Mr. Paolone's travel expenses for a round trip from Toronto, Ontario, to Perth, Australia, which must occur on or before December 31, 2022, and (b) granted Mr. Paolone 250,000 stock options of the Company, which are exercisable at \$0.24 for a period of five years from the date of granted.

On May 18, 2022, the Company completed a non-brokered private placement of 500,000 Common Share of \$0.24 per share, for gross proceeds of \$120,000. Of these total proceeds, the Company had previously received \$50,000 during the year ended December 31, 2021. No finder's fees were paid in connection with such private placement.

On May 20, 2022, the Company granted to (i) Mr. Richard Paolone 250,000 stock options, each exercisable to acquire one Common Share at the price of \$0.24 until May 20, 2027; and (ii) Mr. Shao Bo Lu 50,000 stock options, each exercisable to acquire one Common Share at the price of \$0.24 until May 20, 2027.

On February 2, 2023, pursuant to a loan agreement between the Company and CITP, the Company provided CITP with an additional loan in the aggregate amount of \$100,000. The loan matures on July 31, 2023, and has the same terms and conditions as the previous loan advanced by the Company to CITP.

On February 8, 2023, the Company completed a non-brokered private placement and issued 4,062,500 special warrants in the capital of the Company (each a "**Special Warrant**") at a price of \$0.30 per Special Warrant for aggregate gross proceeds of \$1,218,750. The Special Warrants were issued pursuant to and in accordance with a special warrant indenture (the "**Special Warrant Indenture**") between the Company and Odyssey Trust Company, in its capacity as agent for the Special Warrants. Pursuant to the Special Warrant Indenture, all unexercised Special Warrants are anticipated to be deemed to be automatically exercised (without any further action or payment on the part of the holder thereof) at 4:00 p.m. (Vancouver time) on the automatic conversion date, being the earlier of (a) the date on which the securities commissions or other securities regulatory authorities in each of those Canadian Provinces in which Special Warrants are to be sold, excluding Québec, issue a receipt for the final long form prospectus of the Company qualifying the distribution of the Common Shares issued upon conversion of the Special Warrants and (b) June 1, 2023.

## **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 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 of the Company 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.

### **LIMITATIONS ON SCOPE OF DESIGN**

The Company has no any limits its design of its disclosure controls and procedures or internal control over financial reporting, which are required pursuant to National Instrument 52-109, and the summary of financial information does not any the proportionately consolidated, special purpose entity or business that the Company acquired has been proportionately consolidated or consolidated in the issuer's financial statements.

### **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.sedar.com](http://www.sedar.com).

APPENDIX H

MD&A OF THE COMPANY FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022

**1319275 B.C. LTD**

Management's Discussion and Analysis  
for the three and nine months ended September 30, 2022

Prepared as of February 10, 2023

## **ABOUT THIS MD&A**

The following management's discussion and analysis ("**MD&A**") of financial condition and results of operations of 1319275 B.C. Ltd (the "**Company**") should be read in conjunction with the Company's financial statements for the three and nine months ended September 30, 2022, 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 10, 2023, pursuant to the disclosure requirements under National Instrument 51-102 - *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

## **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 principal business of the Company is to identify, evaluate and then acquire an interest in a business or assets. The Company's continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of or participation in an interest in properties, assets or businesses. There can be no assurance that the Company will be able to complete such activities or obtain financing to continue; therefore, a material uncertainty exists that casts significant doubt over the Company's ability to continue as a going concern.

## **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.

On August 11, 2021, the Company completed a non-brokered private placement of 500,000 common shares in the capital of the Company (the "**Common Shares**") at a price of \$0.0001 per share, for gross proceeds of \$50. No finder's fees were paid in connection with such private placement.

On October 25, 2021, the Company completed a non-brokered private placement of 10,000,000 units of the Company (the "**October Units**") at a price per October Unit of \$0.005, for gross proceeds of \$50,000. Each October Unit is comprised of one Common Share and one-half of one common share purchase warrant (each whole warrant, an "**October Warrant**"). Each October Warrant is exercisable to acquire one Common Share at a price of \$0.10 per share until October 25, 2026. Effective as of October 11, 2022, the exercise price of the October Warrants was re-priced to \$0.30. No finder's fees were paid in connection with such private placement.

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 December 17, 2021, the Company provided CITP with a loan in the aggregate amount of \$50,000. The loan will not accrue interest prior to the maturity date, being December 17, 2022, which was extended until March 31, 2023. If the loan is not repaid on or prior to its maturity date, then it shall accrue interest at a rate of 10% per annum until it is repaid in full. If any payment of interest is not paid within two days of the payment's due date, the Company may, in its sole discretion, capitalise the outstanding interest and add it to the principal amount that is outstanding at that time.

On February 28, 2022, the Company completed a non-brokered private placement of 14,400,000 Common Share of \$0.02 per share for gross proceeds of \$288,000. Of these total proceeds, the Company had previously received \$88,000 during the year ended December 31, 2021. No finder's fees were paid in connection with such private placement.

On March 31, 2022, pursuant to a loan agreement between the Company and CITP, the Company provided CITP with an additional loan in the aggregate amount of \$150,000 (\$44,000 advanced on March 31, 2022, \$75,000 advanced on April 14, 2022 and \$31,000 advanced on April 21, 2022). The loan matures on July 31, 2023, and has the same terms and conditions as the previous loan advanced by the Company to CITP.

On March 31, 2022, the Company completed a non-brokered private placement of 1,000,000 Common Shares of \$0.15 per share, for gross proceeds of \$150,000. No finder's fees were paid in connection with such private placement.

On April 30, 2022, the Company and Alke Capital Limited ("**Alke**") entered into the investment and advisory agreement dated April 30, 2022 (the "**Alke Agreement**"). Pursuant to the Alke Agreement, Alke will (a) provide certain advisory services to the Company, ("**Alke Advisory Services**"), and (b) make available to the Company a non-revolving equity drawdown facility in the aggregate amount of up to \$5,000,000 (the "**Funding Commitment**").

The Funding Commitment is for an aggregate amount of \$5,000,000 and a term of three years. In addition, the Company may use the Funding Commitment as security, with the consent of Alke, to secure additional financing avenues if it so chooses. Upon listing of the Common Shares on the Canadian Stock Exchange (the "**Listing**") and under the terms of the Alke Agreement, the Company can immediately start drawing down funds from the \$5,000,000 Funding Commitment during the three-year term at the Company's discretion by providing a notice to Alke (an "**Alke Drawdown Notice**"), assuming that there is sufficient trading volume in the Company's common shares (the "**Trading Volume Condition**").

**There is no guarantee that the Company will satisfy the Trading Volume Condition to allow for the Funding Commitment to be drawn down as needed or at all.**

The Alke Advisory Services include (a) advisory services with respect to general corporate and public company matters; (b) assistance in identifying strategic investment opportunities for the Company; and (c) such other services as agreed to by the Company and Alke in writing from time-to-time. The Alke Advisory Services provided by Alke including compensation related to any specific services to the Company pursuant to the Alke Agreement will be on a project specific basis. In connection with the provision of the Alke Advisory Services, the Company paid an initial fee of \$2,500, paid by the issuance of 50,000 shares at \$0.05 per share on April 30, 2022.

Additionally, the Company paid to Alke a commitment fee of \$225,000 on April 30, 2022, which is equal to 4.5% of the Funding Commitment, paid by the issuance of 4,500,000 shares at \$0.05 per share, and issued 5,673,902 common share purchase warrants. The warrants will be exercisable by Alke until April 30, 2025, at a price per share equal to \$0.30.

Furthermore, the Company has been advised that Alke has provided similar funding commitments to two other companies, each in the amount of \$5,000,000, for an aggregate commitment amount of \$15,000,000 (inclusive of the Funding Commitment). Alke has represented to the Company that: (a) it has sufficient resources to satisfy its obligations under each acceptance notice delivered by Alke in accordance with the terms of the Alke Agreement, (b) as of December 16, 2022, Alke has over \$5,000,000 in net assets, and (c) if Alke lacks liquidity to fund the obligations under an acceptance notice, then Alke has access to various sources of capital to ensure performance of its obligations under the Alke Agreement. **However, as of the date of this MD&A, the Company was not able to independently verify Alke's representations and financial abilities.**

**In the event that the Company is unable to draw down on the Funding Commitment as required, the Company may require additional financing in order to carry out its current business and/or its proposed growth strategy. As a result of intense competition, governmental regulation as well as global economic volatility, the Company may, from time to time, have restricted access to capital and increased borrowing costs. Failure to obtain any required financing on a timely basis could cause the Company to fail to execute its proposed growth strategy, continue to develop its business, satisfy the demands of its customers and reduce or terminate its operations.**

The Company entered into an independent director services agreement dated effective May 13, 2022, with Mr. Richard Paolone, a director of the Company, to provide director related services, whereby the Company will pay Mr. Paolone a base salary of \$6,000 plus HST per annum. Pursuant to such agreement, the Company has also (a) agreed to pay for Mr. Paolone's travel expenses for a round trip from Toronto, Ontario, to Perth, Australia, which must occur on or before May 20, 2023, and (b) granted Mr. Paolone 250,000 stock options of the Company, which are exercisable at \$0.24 for a period of five years from the date granted.

On May 18, 2022, the Company completed a non-brokered private placement of 500,000 Common Share of \$0.24 per share, for gross proceeds of \$120,000. Of these total proceeds, the Company had previously received \$50,000 during the year ended December 31, 2021. No finder's fees were paid in connection with such private placement.

On May 20, 2022, the Company granted to (i) Mr. Richard Paolone 250,000 stock options, each exercisable to acquire one Common Share at the price of \$0.24 until May 20, 2027; and (ii) Mr. Shao Bo Lu 50,000 stock options, each exercisable to acquire one Common Share at the price of \$0.24 until May 20, 2027.

### **SELECTED ANNUAL INFORMATION**

(Information extracted from the Company's financial statements)

#### **Selected Annual Financial Information** (Expressed in Canadian Dollars)

	<b>For the period of September 30, 2022 (unaudited)</b>
Total revenue	Nil
Net loss (for the nine months ended September 30, 2022)	\$(695,799)
Loss per share (basic and diluted)	\$(0.02)
Total assets	\$215,115
Shareholders' equity	\$138,572
Share capital	\$835,550
Reserves	\$132,239
Deficit	\$(829,217)

### **DISCUSSION OF OPERATIONS**

Share capital increased as securities were issued to raise equity. The Company has total assets of \$215,115, which includes \$200,000 advanced to CITP pursuant to the loan agreements between CITP and the Company. During the period from incorporation on August 11, 2021, to September 30, 2022, the Company didn't have any revenue; however, the Company has spent \$829,217 on advisory, legal, and accounting fees and other expenses, of which \$227,500 was settled through the issuance of 4,550,000 Common Shares.

For the period of January 1, 2022, to September 30, 2022, the Company paid \$422,968 as the advisory fees, which includes \$40,000 paid to SIDIS Holding Limited for marketing services, \$75,000 paid to Business by Design Inc. for advisory services relating to the identification of an acquisition target and \$2,500 paid to Alke pursuant to the Alke Agreement. The advisory fee paid to Alke was settled through the issuance of 50,000 Common Shares at a deemed price per share of \$0.05. The Company also issued an aggregate of 4,500,000 Common Shares and 5,673,000 common shares purchase warrants, each exercisable to acquire one Common Share at an exercise price of \$0.30 per share, to Alke pursuant to the Alke Agreement.

## **LIQUIDITY AND CAPITAL RESOURCES**

For the period of January 1, 2022, to September 30, 2022, the Company received an aggregate amount of \$420,000 from financing activities. The amount received from financing activities is comprised in its entirety of proceeds from non-brokered private placements of securities of the Company. As of September 30, 2022, the Company has an aggregate of 30,950,000 Common Shares, 10,673,902 Warrants and 300,000 stock options.

<b>CASH FLOW ANALYSIS</b>	
<b>Operating Activities</b>	
Loss for the period	\$(695,799)
Items not involving cash:	
Warrants issued	\$77,968
Share based compensation	\$54,271
Investment fees	\$227,500
Accounts payable and accrued liabilities	\$66,543
	\$(269,517)
<b>Investing Activity:</b>	
Loan receivable	\$(150,000)
<b>Financing Activity:</b>	
Proceeds from shares to be issued	\$420,000
Cash, beginning of the period	\$14,632
<b>Cash, end of the period</b>	<b>\$15,115</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 September 30, 2022, the Company had a cash balance of \$15,115. The Company had accumulated deficit of \$829,217 and working capital of \$138,572, Cash used in operating activities were \$269,517. Cash provided by financing activities were \$420,000 for the period ended September 30, 2022. The Company has no assets and has no pledges as security for loans, or otherwise and is not subject to any debt covenants.

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 Company's shareholders and may result in dilution to the value of such interests.

Historically, the Company's sole source of funding has been from 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.

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

During the period from January 1, 2022, to September 30, 2022, the Company has not entered into any off-balance sheet arrangements.

### **RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

As at September 30, 2022, \$nil was due to related parties.

During the nine months ended September 30, 2022, \$54,271 was recorded as share based compensation cost for key management personnel and companies related to them.

### **PROPOSED TRANSACTIONS**

The Company entered into the SPA with CITP and the CITP Shareholders. Pursuant to the SPA, the Company has agreed to purchase and the CITP Shareholders have agreed to sell 100% of the CITP Shares. As consideration for the sale of 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.

### **CRITICAL ACCOUNTING ESTIMATES**

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the fair value of Common Shares issued to settle accounts payable.

### **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

## **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values.

The three levels of the fair value hierarchy are:

- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices that are observable for the assets or liability either directly or indirectly; and
- Level 3 – inputs that are not based on observable market data.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The board of directors of the Company approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts and subscription receivable. The majority of cash is deposited in bank accounts held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. Credit risk related to cash is assessed as low. Subscription receivable was owed by subscribers to the Company's private placements. Credit risk related to subscription receivable was assessed as low.

### **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. As of September 30, 2022, the Company had working capital of \$138,572.

Historically, the Company's sole source of funding has been 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.

### **Foreign Exchange Risk**

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to foreign exchange risk.

### **Interest Rate Risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at September 30, 2022, the Company did not have any financial instruments subject to interest rate risk.

## **Price Rate Risk**

The Company has no exposure to price risk with respect to equity prices as the Company is not listed. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

## **Management of Capital**

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity and cash. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

## **SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies in Note 4 of the Company's financial statements for the three and nine months ended September 30, 2022, have been consistently applied to all periods presented in the Financial Statements.

## **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Please see Note 10 of the Company's financial statements for the period ended September 30, 2022, for full discussion on financial instruments, the fair value measurement and associated risk management.

## **SUMMARY OF OUTSTANDING SHARE DATA**

As at the date of this MD&A, the Company has 30,950,000 Common Shares issued and outstanding, 10,673,902 warrants outstanding, and 300,000 stock options outstanding.

## **LIMITATIONS ON SCOPE OF DESIGN**

The Company has no any limits its design of its disclosure controls and procedures or internal control over financial reporting, which are required pursuant to National Instrument 52-109, and the summary of financial information does not any the proportionately consolidated, special purpose entity or business that the Company acquired has been proportionately consolidated or consolidated in the issuer's financial statements.

## **KEY DEVELOPMENTS SUBSEQUENT TO SEPTEMBER 30, 2022**

On February 2, 2023, pursuant to a loan agreement between the Company and CITP, the Company provided CITP with an additional loan in the aggregate amount of \$100,000. The loan matures on July 31, 2023, and has the same terms and conditions as the previous loan advanced by the Company to CITP.

On February 8, 2023, the Company completed a non-brokered private placement and issued 4,062,500 special warrants in the capital of the Company (each a "**Special Warrant**") at a price of \$0.30 per Special Warrant for aggregate gross proceeds of \$1,218,750. The Special Warrants were issued pursuant to and in accordance with a special warrant indenture (the "**Special Warrant Indenture**") between the Company and Odyssey Trust Company, in its capacity as agent for the Special Warrants. Pursuant to the Special Warrant Indenture, all unexercised Special Warrants are anticipated to be deemed to be automatically exercised (without any further action or payment on the part of the holder thereof) at 4:00 p.m. (Vancouver time) on the automatic conversion date, being the earlier of (a) the date on which the securities commissions or other securities regulatory authorities in each of those Canadian Provinces in which Special Warrants are to be sold, excluding Québec, issue a receipt for the final long form prospectus of the Company qualifying the distribution of the Common Shares issued upon conversion of the Special Warrants and (b) June 1, 2023.

## **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.sedar.com](http://www.sedar.com).

APPENDIX I

MD&A OF CITP FOR THE YEAR ENDED JUNE 30, 2022

**CRITICAL INFRASTRUCTURE TECHNOLOGIES PTY LTD.**

Management's Discussion and Analysis  
for the years ended June 30, 2022 and 2021

Prepared as of February 10, 2023

## **ABOUT THIS MD&A**

The following management's discussion and analysis ("**MD&A**") of financial condition and results of operations of Critical Infrastructure Technologies Pty Ltd. (the "**Company**" or "**CITP**") should be read in conjunction with the Company's audited consolidated financial statements for the years ended June 30, 2022 and 2021, 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 10, 2023, pursuant to the disclosure requirements under National Instrument 51-102 - *Continuous Disclosure Obligations* of the Canadian Securities Administrators. All monetary amounts are expressed in Australian dollars unless stated otherwise.

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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 set is a range of rapidly deployable, high-capacity communications platforms called the Self Deploying Skid (the "**SDS**"), 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 *Corporations Act 2001* (Australia) on October 8, 2019 as Bluewater Marine Australia Pty Ltd. On October 8, 2019, the Company changed its name to Critical Infrastructure Technologies Pty Ltd. However, the Company was inactive until it began operations on January 2, 2021.

Between March 3, 2021, and July 1, 2021, the Company completed an offering of convertible loans notes (the "**Notes**") and raised an aggregate amount of \$555,000. Each Note has an 18-month term with interest payable at 8% per annum. On June 30, 2022, Notes with the aggregate value of \$455,000 was converted into 6,698 ordinary shares of the Company (the "**CITP Shares**").

The Company entered into an arm's length share purchase agreement dated as of December 14, 2021 (the "**SPA**"), as amended, with 1319275 B.C. Ltd. and the Company's securityholders and will be acceded to by all persons who become securityholders of the Company after the execution of the SPA (the "**CITP Shareholders**") immediately prior to the closing of the Acquisition (as defined herein) will be parties to the SPA. Pursuant to the SPA, 1319275 B.C. Ltd. has agreed to purchase and the CITP Shareholders have agreed to sell 100% of the issued and outstanding CITP Shares. As consideration for the sale of the CITP Shares, the Company has agreed to issue to the CITP Shareholders an aggregate of 48,135,399 common shares in the capital of 1319275 B.C. Ltd. (the "**Acquisition**").

The Company issued 13,515 CITP Shares on June 30, 2022, with issuance prices of between \$48.55 and \$77.64 for aggregate gross proceeds to the Company of \$940,200. The Company also received an additional \$100,000 as prepaid subscription funds, which was subsequently settled through the issuance of CITP Shares.

For the period since operations began until June 30, 2021, the Company was focused on the design aspects of the SDS and recruiting key personnel who would be able to develop this product. The Company's focus then was placed on the construction of 1/5 and 1/2 scale models of the SDS. Since June 30, 2021, the Company has built its 1/5 and 1/2 scale models and are moving towards the commencement of two full scale pre-production SDSs.

As the Company is in the development phase, there were no revenues and the business was funded by money raised from various external investors and as such, there are no trends or such to report on.

The Company expects 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 will also continue to claim the research and development tax incentive rebate (the "**R&D Rebate**").

All 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 all are in the need for the deployment of rapid mobile telecommunications.

### **KEY DEVELOPMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2022**

As at the end of the financial year, the design of the SDS was completed, having been through the Company's internal testing. The Company considers its 1/5 and 1/2 scale models ready for demonstration.

During the year ended June 30, 2022, \$20,000 in Notes were issued (2021 - \$535,000 and 2020 – Nil) for an aggregate total of \$555,000. Of this, \$455,000 in Notes were converted to 6,698 CITP Shares. The Company issued 13,515 CITP Shares on June 30, 2022, with issuance prices of between \$48.55 and \$77.64 for aggregate gross proceeds to the Company of \$940,200. The Company also received an additional \$100,000 as prepaid subscription funds, which was subsequently settled through the issuance of 1,288 CITP Shares at the deemed issuance price of \$77.64 per share. Total CITP Shares issued and outstanding at June 30, 2022 is 120,213 (2021 – 100,000).

### **MATERIAL TRANSACTIONS AND DEVELOPMENTS**

The Company issued 13,515 CITP Shares on June 30, 2022, with issuance prices of between \$48.55 and \$77.64 for aggregate gross proceeds to the Company of \$940,200 and also received an additional \$100,000 as prepaid subscription funds, which was subsequently settled through the issuance of 1,288 CITP Shares at the deemed issuance price of \$77.64 per share. The funds received has been used for the research and development of the Company's products.

## **SELECTED ANNUAL INFORMATION**

	<b>Year ended June 30, 2022 (audited) (\$)</b>	<b>Year ended June 30, 2021 (audited) (\$)</b>	<b>Year ended June 30, 2020 (audited) (\$)</b>
Total revenue	Nil	Nil	Nil
R&D rebates receivable	812,924	346,517	Nil
Loss for the year	607,493	360,318	Nil
Total assets	2,284,894	790,065	100
Total liabilities	1,856,406	1,149,284	Nil
Shareholders Equity	428,488	(359,219)	100

The accounts were prepared on an accrual basis.

The Company has been funded throughout the year by securing loans, for which all money invested has been expensed on the research and development of the SDS. All research and development costs are capitalised on the Financial Statements and amortised at the rate of 25% per annum.

The Company 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**"). For the year ended June 30, 2022, the Company accrued an aggregate of \$1,868,790 (2021 - \$796,590) in eligible R&D Expenditure, which equated to a R&D Rebate of \$812,924 (2021 - \$346,517). The R&D Rebate for the year ended June 30, 2022, was received by the Company on November 9, 2022, and used in part for the repayment of certain outstanding loans of the Company. The Company expects to receive the R&D Rebate for the three months ended September 30, 2022, in November of 2023, following the lodgment of the Company's full year claim.

The Company deems R&D Expenditures as all expenditure integral and directly related to the research and development of the SDS, which for the year ended June 30, 2022, was calculated by the Company to equal an aggregate of \$1,868,790. This expenditure is comprised of costs associated with the components purchased for the construction and development of the 1/3 and 1/2 scale models, and the full scale timber model 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.

During the year ended June 30, 2022, the Company incurred advertising costs of nil (2021 - \$200,000). The incurred advertising costs of \$200,000 for the year ended June 30, 2021, was incurred in relation to the sponsorship of a football club, which the Company deemed appropriate at the time to obtain exposure to certain large mining companies that were also associated with the football club, which large mining companies the Company wished to engage with early in its development. This was a one-off sponsorship and the Company did not renew the sponsorship for the year ended June 30, 2022.

## **DISCUSSION OF OPERATIONS**

The Company believes 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 June 30, 2022, the Company has completed the design of the SDS. As of the date of this MD&A, the Company has completed its 1/5 and 1/2 scale model of the SDS and is prepared to begin phase one of its buildout of two full-scale preproduction client trial SDSs that can be deployed to customer sites for compliance and acceptance testing, which it expects to complete in the next twelve months. The Company anticipates undertaking phase two of such development as funding permits. The Company expects that the building of the first two full-scale preproduction client trial SDSs will allow assembly and production methodologies to be finalised and cost reduction strategies to be implemented.

Marketing efforts have commenced with demonstrations of the working 1/2 scale prototype and full scale timber model which began in December of 2022 with various resource companies. CITP expects to complete more demonstrations throughout 2023.

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, 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 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	\$1,357,052	\$1,357,052	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	\$499,354	\$499,354	Nil	Nil	Nil
<b>Total Contractual Obligations</b>	<b>\$1,856,406</b>	<b>\$1,856,406</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 June 30, 2022, the Company had working capital of \$1,180,398 (2021 – \$452,464), which primarily consisted of cash of \$169,186 (2021 – \$22,046) and receivables of \$1,011,212 (2021 – \$430,464). Current liabilities, being accounts payable and accrued liabilities and loan of \$1,856,406 (2020 – \$501,244).

Cash used in operating activities were \$1,825,073 (2021 - \$759,093) compared to cash received of \$1,972,213 (2021 - \$781,039).

As at June 30, 2022, the Company received an aggregate of \$1,972,213 (2021 – \$781,039), which consists of a loan from a director in the aggregate amount of \$281,615 (2021 – \$200,040), convertible loan for the aggregate amount of \$20,000 (2021 – \$535,000), and other borrowings from arm's length parties of \$1,670,598 (2021 – \$45,000).

The \$1,856,406 in contractual obligations is further broken down as follows:

1. \$516,336 is due to Radium Capital: The Company utilizes a loan facility provided by Radium Capital (the "**Radium Loan**"), which provides loan facilities based on a company's estimated R&D rebate for that year. The Company will repay the Radium Loan once the R&D Rebate is received.
2. \$194,852 relates to tax liabilities owing to the Australian Taxation Office: The Company anticipates such obligation to be offset by a \$198,289 receivable from the Australian Taxation Office, which is disclosed in the Financial Statements as a Receivable
3. \$207,914 was advanced from 1319275 B.C. Ltd.;

4. \$239,002 was advanced from various investors during the year, which was subsequently settled through the issuance of 1,288 CIP Shares at the deemed issuance price of \$77.64 per share. As at June 30, 2022, the R&D Rebate is payable to the Company in the aggregate amount of \$812,924 (2020 – \$346,517);
5. \$304,501 in accounts payable: equipment related to research and development (\$162,507), consulting fees (\$77,486), accrued wages (\$46,814) and superannuation payable (\$17,694);
6. \$112,185 is due to Foresense Ltd. in connection with an outstanding loan; and
7. \$281,616 is due to JJC Consulting Services Trust, of which Junior Jay Pty Ltd. is the trustee company.

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 Company's 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 has not entered into any off-balance sheet arrangements.

#### **RELATED PARTY TRANSACTIONS**

During the year ended June 30, 2022, the Company was charged \$198,000 (2021 - \$130,279) for consulting fees by Junior Jay Pty Ltd, a company controlled by Brenton Scott, and Andrew Hill was paid \$198,000 in salary and superannuation. Mr. Scott is a director and the Chief Executive Officer of the Company. Mr. Hill is a director and the Chief Technology Officer of the Company. Junior Jay Pty Ltd. is the trustee company of JJC Consulting Services Trust.

As at June 30, 2022, \$45,000 (2021 - \$215,275) was included in trade and other payables owing to Junior Jay Pty Ltd., a company controlled by Brenton Scott, on account of unpaid consulting fees. The balances are unsecured, payable on demand and non-interest bearing.

As at June 30, 2022, \$281,615 (2021 - \$200,040) was included in loans and borrowings owing to Junior Jay Pty Ltd., a company controlled by Brenton Scott, on account of funds advanced to the Company during the course of the year. The balances are unsecured, payable on demand and non-interest bearing.

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 \$125 per sq metre. The Company occupies 3,022 square metres and total rent charged for the year ended June 30, 2022 was \$377,750 (2021 - \$286,943).

#### **FOURTH QUARTER INFORMATION**

The fourth quarter saw the completion of the ½ scale model. The trend, as disclosed in this MD&A, between fourth quarter and third quarter is expected by management of the Company to continue into FY 23 in that each quarters outflow will exceed the previous one.

## **PROPOSED TRANSACTIONS**

Pursuant to the SPA, the Company has agreed to purchase and the CITP Shareholders have agreed to sell 100% of the CITP Shares to 1319275 B.C. Ltd. As consideration for the sale of the CITP Shares, the Company has agreed to issue to the CITP Shareholders an aggregate of 48,135,399 common shares in the capital of 1319275 B.C. Ltd.

The completion of the Acquisition is conditional upon certain matters, including 1319275 B.C. Ltd. receiving clearance from the British Columbia Securities Commission to file a final long form prospectus. **There is no guarantee the Acquisition will be completed on the terms presently contemplated or at all.**

The Company has received director approval for the Acquisition. Each CITP Shareholder is a party to the SPA.

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

The table below sets forth a comparative breakdown of material components of CITP (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 years ended June 30, 2022, 2021, and 2020:

	Year ended June 30, 2022 (audited) (\$)	Year ended June 30, 2021 (audited) (\$)	Year ended June 30, 2020 (audited) (\$)
Expensed research and development costs			
Consulting fees	94,759	13,018	Nil
Salaries	Nil	6,408	Nil
Travel	Nil	Nil	Nil
Other	7,516	7,016	Nil
Intangible assets arising from development <sup>(1)</sup>			
Consulting fees	223,314	104,812	Nil
Equipment and parts for ½ scale SDS	186,420	43,994	Nil
Office rent	226,706	115,512	Nil
Salaries	353,150	51,595	Nil
Other	27,347	21,642	Nil
General and administrative expenses			
Advertising costs	Nil	200,000	Nil
Interest	90,595	11,040	Nil
Other	49,817	25,721	Nil
Other material costs not disclosed above	Nil	Nil	Nil

Note:

(1) Net of accumulated amortization and impairment.

## **CRITICAL ACCOUNTING ESTIMATES**

The Company makes estimates and assumptions concerning its financial future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below:

### **Coronavirus (COVID-19)**

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the entity unfavorably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

## **Allowance for expected credit losses**

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The actual credit losses in future years may be higher or lower.

## **Fair value measurement hierarchy**

The Company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- 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; and
- Level 3: Unobservable inputs for the asset or liability.

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

## **Estimation of useful lives of assets**

The Company determines the estimated useful lives and related depreciation and amortization charges for its office equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortization charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

## **Goodwill and other indefinite life intangible assets**

The Company tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment.

## **Impairment of non-financial assets other than goodwill and other indefinite life intangible assets**

The Company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

## **Income tax**

The company is subject to income taxes in the jurisdictions in which it operates. The company recognizes liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

## **Stock-based compensation**

Management determines costs for share-based payments using market-based valuation techniques. The fair value of stock option awards is determined at the date of the grant using generally accepted valuation techniques. Assumptions are made and judgements are used in applying valuation techniques. These assumptions and judgements include estimating the future volatility of the stock price, expected dividend yield, forfeiture rates, and the fair value of the CIP Shares.

## **Determination of functional currency**

In determining its functional currency, the Company considers factors related to its primary economic environment. These include the currency which mainly influences the Company's sales prices for goods and services, the country whose competitive forces and regulations mainly determine sale prices of its services, and the currency which mainly influences costs related to providing its services. The Company also considers secondary factors including the currency in which funds from financing activities are generated, and the currency in which operating activities are usually retained.

## **Going concern**

The Company has historically incurred losses and the Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstance.

## **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

The Company does not expect any changes in any of its existing accounting policies.

## **SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies in Note 2 of the Company's audited consolidated financial statements for the year ended June 30, 2022, have been consistently applied to all periods presented in the financial statements of the Company.

## **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Please see Note 3 of the Company's audited consolidated financial statements for the year ended June 30, 2022, for full discussion on financial instruments, the fair value measurement and associated risk management.

The Company's activities are exposed to a variety of financial risks: interest rate risk, market risk, credit risk, liquidity risk and foreign exchange risk. The Company's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Company's financial results. Risk management is carried out by financial management in conjunction with overall corporate governance. There have been no changes to these policies during the year ended June 30, 2022.

### **Market risk**

The Company's exposure to financial market risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk and foreign exchange risk. There have been no significant changes to the Company's market risks other than as noted herein.

### **Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk arising from fluctuations in interest rates received on its cash and cash equivalents and other assets. Management does not believe this risk is significant.

## **Foreign exchange risk**

Foreign exchange risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate as a result of a change in foreign exchange rates. The Company cannot give any assurance that any future movements in the exchange rates of the Australian dollar against the Canadian dollar will not adversely affect the financial statements. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. Management does not believe this risk is significant as minimal working capital balances are maintained in foreign currencies.

## **Credit risk**

The Company's exposure to credit risk relates to cash and cash equivalents, accounts receivable and other assets and arises from the possibility that the third party does not satisfy its contractual obligations. The Company minimizes its exposure to credit risk and concentration risk by keeping the majority of its cash and cash equivalents and other assets with major chartered banks. The Company performs continuous evaluation of its accounts receivable and records an allowance for doubtful accounts when determined necessary.

## **SUMMARY OF OUTSTANDING SHARE DATA**

As at June 30, 2022, the Company had 120,213 (2021 – 100,000) CITP Shares issued and outstanding. Additionally, the Company has \$200,000 in outstanding convertible loans and \$39,002 payable on those convertible loans, which was subsequently settled through the issuance of 1,288 CITP Shares at the deemed issuance price of \$77.64 per share.

## **KEY DEVELOPMENTS SUBSEQUENT TO JUNE 30, 2022**

Subsequent to June 30, 2022:

- The Company has completed its first demonstration of the 1/5 and 1/2 scale models
- The Company has completed full scale production drawings and submitted it for pricing.
- The Company issued 20,822 CITP Shares on October 26, 2022 in connection with private placements of CITP Shares and conversions of the Company's convertible notes.
- The Company received the R&D Rebate of \$812,924 on November 9, 2022 and repaid the Radium Loan in full.
- The Company received a further advance of \$328,500 from Radium Capital on December 18, 2022, which the Company anticipates repaying along with the loan from Foresense Ltd. once the 2023 R&D Rebate is received.
- The Company received an additional loan in the aggregate amount of \$100,000 from 1319275 B.C. Ltd. on February 2, 2023. The loan matures on July 31, 2023.

## **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.

## **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 1319275 B.C. Ltd. under "Risk Factors" therein. The final prospectus dated February 13, 2023, is available under 1319275 B.C. Ltd.'s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

APPENDIX J

MD&A OF CITP FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022

**CRITICAL INFRASTRUCTURE TECHNOLOGIES PTY LTD.**

Management's Discussion and Analysis  
for the three months ended September 30, 2022

Prepared as of February 10, 2023

## **ABOUT THIS MD&A**

The following management's discussion and analysis ("**MD&A**") of financial condition and results of operations of Critical Infrastructure Technologies Pty Ltd. (the "**Company**" or "**CITP**") should be read in conjunction with the Company's unaudited interim financial statements for the three months ended September 30, 2022, 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 10, 2023, pursuant to the disclosure requirements under National Instrument 51-102 - *Continuous Disclosure Obligations* of the Canadian Securities Administrators. All monetary amounts are expressed in Australian 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 set is a range of rapidly deployable, high-capacity communications platforms called the Self Deploying Skid (the "**SDS**"), 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 *Corporations Act 2001* (Australia) on October 8, 2019, as Bluewater Marine Australia Pty Ltd. On October 8, 2019, the Company changed its name to Critical Infrastructure Technologies Pty Ltd. However, the Company was inactive until it began operations on January 2, 2021.

The Company entered into an arm's length share purchase agreement dated as of December 14, 2021 (the "**SPA**"), with 1319275 B.C. Ltd. and the Company's securityholders and will be acceded to by all persons who become securityholders of the Company after the execution of the SPA (the "**CITP Shareholders**"). Pursuant to the SPA, 1319275 B.C. Ltd. has agreed to purchase and the CITP Shareholders have agreed to sell 100% of the issued and outstanding shares in the Company (the "**CITP Shares**"). As consideration for the sale of the CITP Shares, the Company has agreed to issue to the CITP Shareholders an aggregate of 48,135,399 common shares in the capital of 1319275 B.C. Ltd. (the "**Acquisition**").

Between July 1, 2022, and September 30, 2022, the Company raised an aggregate amount of \$165,500 as prepaid subscription funds, which were subsequently settled through the issuance of 3,410 CITP Shares at the deemed issuance price of \$48.55 per share. The funds have been recorded as "Advance for Issuance for Shares" in the Company's financial statement for the three months ended September 30, 2022.

For the period since July 1, 2022, until September 30, 2022, the Company was focused on building its ½ and full-scale models, refining design aspects of the SDS and recruiting key personnel who assists in the development of the Company's products.

As the Company is in the development phase, there were no revenues and the business was funded by money raised from various external investors and as such, there are no trends or such to report on.

The Company expects 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 will also continue to claim the research and development tax incentive rebate (the "**R&D Rebate**").

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 all are in the need for the deployment of rapid mobile telecommunications.

### **KEY DEVELOPMENTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022**

As at the end of the September 30, 2022, the design of the SDS was completed, having been through the Company's internal testing. As of the date hereof, the Company considers its 1/5 and 1/2 scale models ready for demonstration, with demonstrations already being held with the Ukrainian Ambassador to Australia, the Federal Member for Fremantle and the Western Australian State Minister for Emergency Services and representatives from the Western Australian Department of Fire and Emergency Services.

During the three months ended September 30, 2022, \$165,500 (year-ended June 30, 2022 – \$940,200) in loan funds was received. As previously disclosed, such amounts were recorded as prepaid subscription funds in connection with the private placement of CITP Shares, which were subsequently settled through the issuance of 3,410 CITP Shares at the deemed issuance price of \$48.55 per share.

### **MATERIAL TRANSACTIONS AND DEVELOPMENTS**

For the three months ended September 30, 2022, there have been no material transactions or developments.

## SELECTED FINANCIAL INFORMATION

	Three months ended September 30, 2022 (\$)	Year ended June 30, 2022 (audited) (\$)	Year ended June 30, 2021 (audited) (\$)
Total revenue	Nil	Nil	Nil
R&D rebates receivable	812,924	812,924	346,517
Loss for the period	170,084	607,493	360,318
Total assets	2,494,484	2,284,894	790,065
Total liabilities	1,970,580	1,856,406	1,149,284
Shareholders Equity	523,904	528,488	428,488

The accounts were prepared on an accrual basis.

The Company has been funded during the three months ended September 30, 2022, by securing loans and completing financings, for which all funds received have been expensed on the research and development of the SDS. All research and development costs are capitalised on the Financial Statements and amortised at the rate of 25% per annum.

The Company 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**"). For the three months ended September 30, 2022, the Company accrued an aggregate of \$471,829 (2021 - \$237,141) in eligible R&D Expenditure, which equated to a R&D Rebate of \$205,246 September 30, (2021 - \$103,156). The R&D Rebate for the year ended June 30, 2022, was received by the Company on November 9, 2022, and used in part for the repayment of certain outstanding loans of the Company. The Company expects to receive the R&D Rebate for the three months ended September 30, 2022, in November of 2023, following the lodgment of the Company's full year claim.

The Company deems R&D Expenditures as all expenditure integral and directly related to the research and development of the SDS, which for the three months ended September 30, 2022, was calculated by the Company to equal an aggregate of \$471,829. This expenditure is comprised of costs associated with the components purchased for the construction and development of the 1/5 and 1/2 scale models, and the full-scale timber model 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.

The additional receivable in the interim financial statements to September 30, 2022 of \$225,158 (Goods and Services tax), was offset in December 2022 by the \$225,930 liability shown as "Withholding Tax Payable" in Trade and Other Payables.

## DISCUSSION OF OPERATIONS

The Company believes 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 September 30, 2022, the Company has completed the design of the SDS. As of the date of this MD&A, the Company has completed its 1/5 and 1/2 scale model of the SDS and is prepared to begin phase one of its buildout of two full-scale preproduction client trial SDSs that can be deployed to customer sites for compliance and acceptance testing, which it expects to complete in the next twelve months. The Company anticipates undertaking phase two of such development as funding permits. The Company expects that the building of the first two full-scale preproduction client trial SDSs will allow assembly and production methodologies to be finalised and cost reduction strategies to be implemented.

Marketing efforts have commenced with demonstrations of the working 1/2 scale prototype and full scale timber model which began December of 2022 with various resource companies. CITP expects to complete more demonstrations in throughout 2023.

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, 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 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	\$1,591,582	\$1,591,582	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	\$644,498	\$644,498	Nil	Nil	Nil
<b>Total Contractual Obligations</b>	<b>\$2,236,080</b>	<b>\$2,236,080</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 September 30, 2022, the Company had working capital of \$1,041,770 (June 30, 2022 – \$1,180,398), which primarily consisted of cash of \$3,689 (June 30, 2022 – \$169,186) and receivables of \$1,038,081 (June 30, 2022 – \$1,011,212). Current liabilities, being accounts payable and accrued liabilities and loan of \$1,970,580 (June 30, 2022 – \$1,756,406).

Cash used in operating activities were \$375,218 (year ended June 30, 2022 - \$1,825,073) compared to cash received of \$209,721 (June 30, 2022 - \$1,972,213).

As at September 30, 2022, the Company received an aggregate of \$209,721 (year ended June 30, 2022 – \$1,972,213), which consists of a loan from a director in the aggregate amount of \$44,221 (year ended June 30, 2022 – \$281,615), convertible loan for the aggregate amount of nil (year ended June 30, 2022 – \$20,000), and other borrowings from arm's length parties of \$165,500 (year ended June 30, 2022 – \$1,670,598).

The \$2,236,080 in obligations is further broken down as follows:

1. \$536,939 is due to Radium Capital: The Company utilizes a loan facility provided by Radium Capital (the "**Radium Loan**"), which provides loan facilities based on a company's estimated R&D rebate for that year. The Company will repay the Radium Loan once the R&D Rebate is received. As at September 30, 2022, the R&D Rebate is payable to the Company in the aggregate amount of \$812,924 (2021 – \$346,517);

2. \$242,930 relates to tax liabilities owing to the Australian Taxation Office: The Company anticipates such obligation to be offset by a \$225,158 receivable from the Australian Taxation Office, which is disclosed in the Financial Statements as a Receivable;
3. \$401,568 in accounts payable: equipment related to research and development (\$154,496), consulting fees (\$82,626), accrued wages (\$99,189), rent payable (\$40,147) and superannuation payable (\$25,110);
4. \$207,915 was advanced from 1319275 B.C. Ltd.;
5. \$116,391 is due to Foresense Ltd. in connection with an outstanding loan;
6. \$325,836 is due to JJC Consulting Services Trust, of which Junior Jay Pty Ltd. is the trustee company;
7. \$165,500 as prepaid subscription funds, which were subsequently settled through the issuance of 3,410 CITP Shares at the deemed issuance price of \$48.55 per share;
8. \$100,000 as prepaid subscription funds, which were subsequently settled through the issuance of 1,288 CITP Shares at the deemed issuance price of \$77.64 per share; and
9. \$39,002 as prepaid subscription funds, which were subsequently settled through the issuance of 574 CITP Shares at the deemed issuance price of \$67.94 per share.

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 has not entered into any off-balance sheet arrangements.

#### **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 three months ended September 30, 2022, the Company was charged \$49,725 (year ended June 30, 2022 - \$198,000) for consulting fees by Junior Jay Pty Ltd., and Andrew Hill was paid \$49,725 in salary and superannuation.

As at September 30, 2022, \$16,500 (year ended June 30, 2022 - \$45,000) was included in trade and other payables owing to Junior Jay Pty Ltd., on account of unpaid consulting fees. The balances are unsecured, payable on demand and non-interest bearing.

As at September 30, 2022, \$325,836 (year ended June 30, 2022 - \$281,615) was included in loans and borrowings owing to Junior Jay Pty Ltd., on account of funds advanced to the Company during the course of the year. The balances are unsecured, payable on demand and non-interest bearing.

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 \$135 per sq metre. The Company occupies 3,022 square metres and total rent charged for the three months ended September 30, 2022 was \$101,992 (year ended June 30, 2022 - \$377,750).

## **FIRST QUARTER INFORMATION**

The first quarter saw continued refinements to the ½ scale model. Management of the Company expects that it will continue in its efforts to refine the scale model.

## **PROPOSED TRANSACTIONS**

Pursuant to the SPA, the Company has agreed to purchase and the CITP Shareholders have agreed to sell 100% of the CITP Shares to 1319275 B.C. Ltd. As consideration for the sale of the CITP Shares, the Company has agreed to issue to the CITP Shareholders an aggregate of 48,135,399 common shares in the capital of 1319275 B.C. Ltd.

The completion of the Acquisition is conditional upon certain matters, including 1319275 B.C. Ltd. receiving clearance from the British Columbia Securities Commission to file a final long form prospectus. **There is no guarantee the Acquisition will be completed on the terms presently contemplated or at all.**

The Company has received director approval for the Acquisition. Each CITP Shareholder is a party to the SPA.

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

The table below sets forth a comparative breakdown of material components of CITP'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, 2022, and years ended June 30, 2022, and 2021:

	<b>Three months ended September 30, 2022 (\$)</b>	<b>Year ended June 30, 2022 (audited)(\$)</b>	<b>Year ended June 30, 2021 (audited)(\$)</b>
Expensed research and development costs			
Consulting fees	Nil	94,759	13,018
Salaries	Nil	Nil	6,408
Travel	13,737	Nil	Nil
Other	3,702	7,516	7,016
Intangible assets arising from development <sup>(1)</sup>			
Consulting fees	208,688	223,314	104,812
Equipment and parts for ½ scale SDS	250,227	186,420	43,994
Office rent	294,998	226,706	115,512
Salaries	573,274	353,150	51,595
Other	37,968	27,347	21,642
General and administrative expenses			
Advertising costs	Nil	Nil	200,000
Interest	24,810	90,595	11,040
Other	4,225	49,817	25,721
Other material costs not disclosed above	Nil	Nil	Nil

**Note:**

(1) Net of accumulated amortization and impairment.

## **CRITICAL ACCOUNTING ESTIMATES**

The Company makes estimates and assumptions concerning its financial future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below:

## **Coronavirus (COVID-19)**

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the entity unfavorably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

### **Allowance for expected credit losses**

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The actual credit losses in future years may be higher or lower.

### **Fair value measurement hierarchy**

The Company is required to classify all assets and liabilities, measured at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- 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; and
- Level 3: Unobservable inputs for the asset or liability.

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

### **Estimation of useful lives of assets**

The Company determines the estimated useful lives and related depreciation and amortization charges for its office equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortization charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

### **Goodwill and other indefinite life intangible assets**

The Company tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment.

### **Impairment of non-financial assets other than goodwill and other indefinite life intangible assets**

The Company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

## **Income tax**

The company is subject to income taxes in the jurisdictions in which it operates. The company recognizes liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

## **Stock-based compensation**

Management determines costs for share-based payments using market-based valuation techniques. The fair value of stock option awards is determined at the date of the grant using generally accepted valuation techniques. Assumptions are made and judgements are used in applying valuation techniques. These assumptions and judgements include estimating the future volatility of the stock price, expected dividend yield, forfeiture rates, and the fair value of the CIP Shares.

## **Determination of functional currency**

In determining its functional currency, the Company considers factors related to its primary economic environment. These include the currency which mainly influences the Company's sales prices for goods and services, the country whose competitive forces and regulations mainly determine sale prices of its services, and the currency which mainly influences costs related to providing its services. The Company also considers secondary factors including the currency in which funds from financing activities are generated, and the currency in which operating activities are usually retained.

## **Going concern**

The Company has historically incurred losses and the Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstance.

## **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

The Company does not expect any changes in any of its existing accounting policies.

## **SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies in Note 2 of the Company's unaudited interim financial statements for the three months ended September 30, 2022, have been consistently applied to all periods presented in the financial statements of the Company.

## **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Please see Note 3 of the Company's unaudited interim financial statements for the three months ended September 30, 2022, for full discussion on financial instruments, the fair value measurement and associated risk management.

The Company's activities are exposed to a variety of financial risks: interest rate risk, market risk, credit risk, liquidity risk and foreign exchange risk. The Company's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Company's financial results. Risk management is carried out by financial management in conjunction with overall corporate governance. There have been no changes to these policies during the three months ended September 30, 2022.

## **Market risk**

The Company's exposure to financial market risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk and foreign exchange risk. There have been no significant changes to the Company's market risks other than as noted herein.

## **Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk arising from fluctuations in interest rates received on its cash and cash equivalents and other assets. Management does not believe this risk is significant.

## **Foreign exchange risk**

Foreign exchange risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate as a result of a change in foreign exchange rates. The Company cannot give any assurance that any future movements in the exchange rates of the Australian dollar against the Canadian dollar will not adversely affect the financial statements. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. Management does not believe this risk is significant as minimal working capital balances are maintained in foreign currencies.

## **Credit risk**

The Company's exposure to credit risk relates to cash and cash equivalents, accounts receivable and other assets and arises from the possibility that the third party does not satisfy its contractual obligations. The Company minimizes its exposure to credit risk and concentration risk by keeping the majority of its cash and cash equivalents and other assets with major chartered banks. The Company performs continuous evaluation of its accounts receivable and records an allowance for doubtful accounts when determined necessary.

## **SUMMARY OF OUTSTANDING SHARE DATA**

As at September 30, 2022, the Company had 120,213 CIP Shares issued and outstanding. Additionally, the Company had \$100,000 in outstanding convertible loans, \$39,002 interest payable on convertible loans and \$1,246,204 in prepaid subscription funds, which were subsequently settled through the issuance of 20,822 CIP Shares at the deemed average issuance price of \$66.526 per share.

## **KEY DEVELOPMENTS SUBSEQUENT TO SEPTEMBER 30, 2022**

Subsequent to September 30, 2022:

- The Company has completed its first demonstration of the 1/5 and 1/2 scale models
- The Company has completed full scale production drawings and submitted it for pricing.
- The Company issued 20,822 CIP Shares on October 26, 2022 in connection with private placements of CIP Shares and conversions of the Company's convertible notes.
- The Company received the R&D Rebate of \$812,924 on November 9, 2022 and repaid the Radium Loan in full.
- The Company received a further advance of \$328,500 from Radium Capital on December 18, 2022, which the Company anticipates repaying along with the loan from Foresense Ltd. once the 2023 R&D Rebate is received.
- The Company received an additional loan in the aggregate amount of \$100,000 from 1319275 B.C. Ltd. on February 2, 2023. The loan matures on July 31, 2023.

## **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.

## **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 1319275 B.C. Ltd. under "Risk Factors" therein. The final prospectus dated February 13, 2023, is available under 1319275 B.C. Ltd.'s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

**APPENDIX K**  
**COMPANY AUDIT COMMITTEE CHARTER**

# CRITICAL INFRASTRUCTURE TECHNOLOGIES LTD.

## AUDIT COMMITTEE CHARTER

### I. Purpose

The primary objective of the Audit Committee (the “**Committee**”) of Critical Infrastructure Technologies Ltd. (the “**Company**”) is to act as a liaison between the Board and the Company’s independent auditors (the “**Auditors**”) and to oversee (a) the accounting and financial reporting processes of the Company, including the financial statements and other financial information provided by the Company to its shareholders, the public and others, (b) the Company’s compliance with legal and regulatory requirements, (c) the audit of the Company’s financial statements, (d) the qualification, independence and performance of the Auditors, and (e) the Company’s risk management and internal financial and accounting controls, and management information systems. For greater certainty, references to the financial statements of the Company shall include, where applicable, the financial statements of the Company’s subsidiary entities.

Although the Committee has the powers and responsibilities set forth in this Charter, the role of the Committee is oversight. The members of the Committee are not full-time employees of the Company and may or may not be accountants or auditors by profession or experts in the fields of accounting or auditing and, in any event, do not serve in such capacity. Consequently, it is not the duty of the Committee to conduct audits or to determine that the Company’s financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the Auditors.

The responsibilities of a member of the Committee are in addition to such member’s duties as a member of the Board.

### II. Organization

The Committee membership shall satisfy, at a minimum, the laws governing the Company and the independence, financial literacy and financial experience requirements under applicable securities laws, rules and regulations, stock exchange and any other regulatory requirements applicable to the Company.

Members of the Committee must be financially literate as the Board interprets such qualification in its business judgment. No member of the Committee shall have participated in the preparation of the financial statements of the Company or any current subsidiary at any time during the past three years, and all members shall be able to read and understand fundamental financial statements, including a company’s balance sheet, income statement and cash flow statement.

The Committee shall consist of three or more directors of the Company. The members of the Committee and the Chair of the Committee shall be appointed by the Board. A majority of the members of the Committee shall constitute a quorum. A majority of the members of the Committee shall be empowered to act on behalf of the Committee. Matters decided by the Committee shall be decided by majority votes. The chair of the Committee shall have an ordinary vote.

Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director.

The Committee may form and delegate authority to subcommittees when appropriate.

### **III. Meetings**

The Committee shall meet as frequently as circumstances require, but not less frequently than four times per year. The Committee shall meet at least quarterly with management, the Company's financial and accounting officer(s) and the Auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. Meetings may be held telephonically or other methods of communication to the extent permitted by the Company's organizational documents and applicable Ontario law.

In the absence of the appointed Chair of the Committee at any meeting, the members shall elect a chair from those in attendance at the meeting. The Chair, in consultation with the other members of the Committee, shall set the frequency and length of each meeting and the agenda of items to be addressed at each upcoming meeting.

The Committee will appoint a Secretary who will keep minutes of all meetings. The Secretary may also be the Chief Financial Officer, the Company's Secretary-Treasurer, or the Company's Corporate Secretary or another person who does not need to be a member of the Committee. The Secretary for the Committee can be changed by simple notice from the Chair.

The Chair shall ensure that the agenda for each upcoming meeting of the Committee is circulated to each member of the Committee as well as the other directors in advance of the meeting.

The Committee may invite, from time to time, such persons as it may see fit to attend its meetings and to take part in discussion and consideration of the affairs of the Committee. The Company's accounting and financial officer(s) and the Auditors shall attend any meeting when requested to do so by the Chair of the Committee.

### **IV. Authority and Responsibilities**

The Board, after consideration of the recommendation of the Committee, shall nominate the Auditors for appointment by the shareholders of the Company in accordance with applicable law. The Auditors report directly to the Audit Committee. The Auditors are ultimately accountable to the Committee and the Board as representatives of the shareholders.

In fulfilling its duties and responsibilities under this Charter, the Committee will be entitled to reasonably rely on (a) the integrity of those persons within the Company and of the professionals and experts (such as the Auditors) from which it receives information, (b) the accuracy of the financial and other information provided to the Committee by such persons, professionals or experts and (c) the representations made by the Auditors as to any services provided by it to the Company.

The Committee shall have the following responsibilities:

#### **(a) Auditors**

1. Be directly responsible for the appointment, compensation, retention (including termination) and oversight of the work of any independent registered public accounting firm engaged by the Company (including for the purposes of preparing or issuing an audit report or performing other audit, review or attestation services or other work for the Company and including the resolution of disagreements between management and the Company's independent registered public accounting firm regarding financial reporting) and ensure that such firm shall report directly to it; recommend to the Board the independent auditors to be nominated for appointment as Auditors of the Company at the Company's annual meeting, the remuneration to be paid to the Auditors for services performed during the preceding year; and recommend to the Board and the shareholders the termination of the appointment of the Auditors, if and when advisable;

2. When there is to be a change of the Auditor, review all issues related to the change, including any notices required under applicable securities law, stock exchange or other regulatory requirements, and the planned steps for an orderly transition.
3. Review the Auditor's audit plan and discuss the Auditor's scope, staffing, materiality, and general audit approach.
4. Review on an annual basis the performance of the Auditors, including the lead audit partner.
5. Take reasonable steps to confirm the independence of the Auditors, which include:
  - (a) Ensuring receipt from the Auditors of a formal written statement in accordance with applicable regulatory requirements delineating all relationships between the Auditors and the Company;
  - (b) Considering and discussing with the Auditors any disclosed relationships or services, including non-audit services, that may impact the objectivity and independence of the Auditors;
  - (c) Approving in advance all auditing services and any non-audit related services provided by the Auditors to the Company, and the fees for such services, with a view to ensure independence of the Auditor, and in accordance with applicable regulatory standards, including applicable stock exchange requirements with respect to approval of non-audit related services performed by the Auditors; and
  - (d) As necessary, taking or recommending that the Board take appropriate action to oversee the independence of the Auditors.
6. The Committee is permitted to delegate pre-approval authority to one of its members; however, the decision of any member of the Committee to whom such authority has been delegated must be presented to the full Committee at its next scheduled meeting.
7. Review and approve any disclosures required to be included in periodic reports under applicable securities laws, rules and regulations and stock exchange and other regulatory requirements with respect to non-audit services.
8. Confirm with the Auditors and receive written confirmation at least once per year as to (i) the Auditor's internal processes and quality control procedures; and (ii) disclosure of any material issues raised by the most recent internal quality control review, or per review within the preceding five years respecting independent audit carried out by the Auditors or investigations or government or professional enquiries, reviews or investigations of the Auditors within the last five years.
9. Consider the tenure of the lead audit partner on the engagement in light of applicable securities law, stock exchange or applicable regulatory requirements.
10. Review all reports required to be submitted by the Auditors to the Committee under applicable securities laws, rules and regulations and stock exchange or other regulatory requirements.
11. Receive all recommendations and explanations which the Auditors place before the Committee.

**(b) Financial Statements and Financial Information**

11. Review and discuss with management, the financial and accounting officer(s) and the Auditors, the Company's annual audited financial statements, including disclosures made in management's discussion and analysis, prior to filing or distribution of such statements and recommend to the Board, if appropriate, that the Company's audited financial statements be included in the Company's annual reports distributed and filed under applicable laws and regulatory requirements.
12. Review and discuss with management, the financial and accounting officer(s) and the Auditors, the Company's interim financial statements, including management's discussion and analysis, and the Auditor's review of interim financial statements, prior to filing or distribution of such statements.
13. Review any earnings press releases of the Company before the Company publicly discloses this information.
14. Be satisfied that adequate procedures are in place for the review of the Company's disclosure of financial information and extracted or derived from the Company's financial statements and periodically assess the adequacy of these procedures.
15. Discuss with the Auditor the matters required to be discussed by applicable auditing standards requirements relating to the conduct of the audit including:
  - (a) the adoption of, or changes to, the Company's significant auditing and accounting principles and practices;
  - (b) the management letter provided by the Auditor and the Company's response to that letter; and
  - (c) any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, or personnel and any significant disagreements with management.
16. Discuss with management and the Auditors major issues regarding accounting principles used in the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles. Review and discuss analyses prepared by management and/or the Auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative approaches under generally accepted accounting principles.
17. Prepare, or ensure the preparation of, and review any report under applicable securities law, stock exchange or other regulatory requirements, including any reports required to be included in statutory filings, including in the Company's annual proxy statement.

**(c) Ongoing Reviews and Discussions with Management and Others**

18. Obtain and review an annual report from management relating to the accounting principles used in the preparation of the Company's financial statements, including those policies for which management is required to exercise discretion or judgments regarding the implementation thereof.
19. Periodically review separately with each of management, the financial and accounting officer(s) and the Auditors; (a) any significant disagreement between management and the

Auditors in connection with the preparation of the financial statements, (b) any difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information and (c) management's response to each.

20. Periodically discuss with the Auditors, without management being present, (a) their judgments about the quality, integrity and appropriateness of the Company's accounting principles and financial disclosure practices as applied in its financial reporting and (b) the completeness and accuracy of the Company's financial statements.
21. Consider and approve, if appropriate, significant changes to the Company's accounting principles and financial disclosure practices as suggested by the Auditors or management and the resulting financial statement impact. Review with the Auditors or management the extent to which any changes or improvements in accounting or financial practices, as approved by the Committee, have been implemented.
22. Review and discuss with management, the Auditors and the Company's independent counsel, as appropriate, any legal, regulatory or compliance matters that could have a significant impact on the Company's financial statements, including applicable changes in accounting standards or rules, or compliance with applicable laws and regulations, inquiries received from regulators or government agencies and any pending material litigation.
23. Enquire of the Company's financial and accounting officer(s) and the Auditors on any matters which should be brought to the attention of the Committee concerning accounting, financial and operating practices and controls and accounting practices of the Company.
24. Review the principal control risks to the business of the Company, its subsidiaries and joint ventures; and verify that effective control systems are in place to manage and mitigate these risks.
25. Review and discuss with management any earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as any financial information and earnings guidance provided to analysts and rating agencies. Such discussions may be done generally (i.e. discussion of the types of information to be disclosed and the types of presentations made).
26. Review and discuss with management any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons, that may have a material current or future effect on financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of revenues or expenses. Obtain explanations from management of all significant variances between comparative reporting periods.
27. Review and discuss with management the Company's major risk exposures and the steps management has taken to monitor, control and manage such exposures, including the Company's risk assessment and risk management guidelines and policies.

**(d) Risk Management and Internal Controls**

28. Review, based upon the recommendation of the Auditors and management, the scope and plan of the work to be done by the Company's financial and accounting group and the responsibilities, budget and staffing needs of such group.

29. Ensure that management has designed and implemented effective systems of risk management and internal controls and, at least annually, review the effectiveness of the implementation of such systems.
30. Approve and recommend to the Board for adoption policies and procedures on risk oversight and management to establish an effective and efficient system for identifying, assessing, monitoring and managing risk relating to financial management and internal control.
31. In consultation with the Auditors and management, review the adequacy of the Company's internal control structure and procedures designed to ensure compliance with laws and regulations, and discuss the responsibilities, budget and staffing needs of the Company's financial and accounting group.
32. Establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
33. Maintain a direct report relationship with the internal auditors and review the internal control reports prepared by management, including (i) management's assessment of the effectiveness of the Company's internal control structure and procedures for financial reporting; (ii) review on an annual basis the performance of the internal auditors; and (iii) the Auditors' attestation, and report, on the assessment made by management.
34. Review the appointment of the chief financial officer and any key financial executives involved in the financial reporting process and recommend to the Board any changes in such appointments.

**(e) Other Responsibilities**

35. Create an agenda for the ensuing year.
36. Review and approve related-party transactions if required under applicable securities law, stock exchange or other regulatory requirements.
37. Review and approve (a) any change or waiver in the Company's code of ethics applicable to senior financial officers and (b) any disclosures made under applicable securities law, stock exchange or other regulatory requirements regarding such change or waiver.
38. Establish, review and approve policies for the hiring of employees, partners, former employees or former partners of the Company's Auditors or former independent auditors.
39. Review and reassess the duties and responsibilities set out in this Charter annually and recommend to the Nominating and Corporate Governance Committee and to the Board any changes deemed appropriate by the Committee.
40. Review its own performance annually, seeking input from management and the Board.
41. Confirm annually that all responsibilities outlined in this Charter have been carried out.
42. Perform any other activities consistent with this Charter, the Company's articles and by-laws and governing law, as the Committee or the Board deems necessary or appropriate.

## **V. Reporting**

The Committee shall report regularly to the Board and shall submit the minutes of all meetings of the Audit Committee to the Board. The Committee shall also report to the Board on the proceedings and deliberations of the Committee at such times and in such manner as the Board may require. The Committee shall review with the full Board any issues that have arisen with respect to quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance or independence of the Auditors or the performance of the Company's financial and accounting group.

## **VI. Resources and Access to Information**

The Committee shall have the authority to retain independent legal, accounting and other advisors or consultants to advise the Committee, as it determines necessary to carry out its duties.

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities. The Committee has direct access to anyone in the organization and may request any officer or employee of the Company or the Company's outside counsel or the Auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee with or without the presence of management. In the performance of any of its duties and responsibilities, the Committee shall have access to any and all books and records of the Company necessary for the execution of the Committee's obligations.

The Committee shall determine the extent of funding necessary for payment of (a) compensation to the Company's independent public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Company, (b) compensation to any independent legal, accounting and other advisors or consultants retained to advise the Committee and (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

## CERTIFICATE OF THE COMPANY

Dated: February 13, 2023

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of Provinces of British Columbia, Alberta, and Ontario.

(Signed) *Brenton Scott*  
Chief Executive Officer

(Signed) *Eugene Hodgson*  
Chief Financial Officer

## ON BEHALF OF THE BOARD OF DIRECTORS

(Signed) *Richard Paolone*  
Director

(Signed) *Imants Kins*  
Director

**CERTIFICATE OF CITP**

Dated: February 13, 2023

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of Provinces of British Columbia, Alberta, and Ontario.

(Signed) *Brenton Scott*  
Chief Executive Officer and Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS**

(Signed) *Andrew Hill*  
Director

(Signed) *Brenton Scott*  
Director

## CERTIFICATE OF THE PROMOTERS

Dated: February 13, 2023

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of Provinces of British Columbia, Alberta, and Ontario.

(Signed) *Brenton Scott*

(Signed) *Andrew Hill*

(Signed) *Faramarz Haddadi*

**Schedule "B"**

**Capitalization Tables**

**Issued Capital**

	<b>Number of Securities (non-diluted)</b>	<b>Number of Securities (fully-diluted)</b>	<b>% of Issued (non-diluted)</b>	<b>% of Issued (fully diluted)</b>
<b><u>Public Float</u></b>				
Total outstanding (A)	83,147,899	97,391,217	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	47,344,647	50,238,868	56.94%	51.58%
Total Public Float (A-B)	35,803,252	47,152,349	43.06%	48.42%
<b><u>Freely-Tradeable Float</u></b>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	65,485,399	69,054,815	78.76%	70.90%
Total Tradeable Float (A-C)	17,662,500	28,336,402	21.24%	29.10%

Public Securityholders (Registered)

**Instruction:** For the purposes of this report, "public securityholders" are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

***Class of Security***

<b><u>Size of Holding</u></b>	<b><u>Number of holders</u></b>	<b><u>Total number of securities</u></b>
1 – 99 securities	4	Nil
100 – 499 securities	Nil	Nil
500 – 999 securities	133	70,250
1,000 – 1,999 securities	6	6,500
2,000 – 2,999 securities	Nil	Nil
3,000 – 3,999 securities	Nil	Nil
4,000 – 4,999 securities	Nil	Nil
5,000 or more securities	57	35,726,502
	<b>200</b>	<b>35,803,252</b>

Public Securityholders (Beneficial)

**Instruction:** Include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line.

***Class of Security***

<b><u>Size of Holding</u></b>	<b><u>Number of holders</u></b>	<b><u>Total number of securities</u></b>
1 – 99 securities	Nil	Nil
100 – 499 securities	Nil	Nil
500 – 999 securities	Nil	Nil
1,000 – 1,999 securities	Nil	Nil
2,000 – 2,999 securities	Nil	Nil
3,000 – 3,999 securities	Nil	Nil
4,000 – 4,999 securities	Nil	Nil
5,000 or more securities	Nil	Nil
Unable to confirm	<b>Nil</b>	<b>Nil</b>

Non-Public Securityholders (Registered)

**Instruction:** For the purposes of this report, "non-public securityholders" are persons enumerated in section (B) of the issued capital chart.

***Class of Security***

<b><u>Size of Holding</u></b>	<b><u>Number of holders</u></b>	<b><u>Total number of securities</u></b>
1 – 99 securities	Nil	Nil
100 – 499 securities	Nil	Nil
500 – 999 securities	Nil	Nil
1,000 – 1,999 securities	Nil	Nil
2,000 – 2,999 securities	Nil	Nil
3,000 – 3,999 securities	Nil	Nil
4,000 – 4,999 securities	Nil	Nil
5,000 or more securities	10	47,344,647
	<b>10</b>	<b>47,344,647</b>

14.2 Provide the following details for any securities convertible or exchangeable into any class of listed securities

<b>Description of Security (include conversion / exercise terms, including conversion / exercise price)</b>	<b>Number of convertible / exchangeable securities outstanding</b>	<b>Number of listed securities issuable upon conversion / exercise</b>
Stock options exercisable until May 20, 2027, at a price of \$0.24 per share	300,000	300,000
Common share purchase warrants exercisable until October 25, 2026 at a price of \$0.30 per share	5,000,000	5,000,000
Common share purchase warrants exercisable until April 30, 2025 at a price of \$0.30 per share	5,673,902	5,673,902
Common share purchase warrants exercisable for a period of 26 months from the date of issuance thereof at a price of \$0.30 per share	3,269,416	3,269,416

14.3 Provide details of any listed securities reserved for issuance that are not included in section 14.2.

Pursuant to the certain management consulting agreements, upon the achievement of certain performance based milestones, such parties will be entitled to receive up to an aggregate of 37,119,080 common shares in the capital of the Issuer (the "**Performance Shares**"), with each such Performance Share having a deemed price of \$0.30.

*[Remainder of page intentionally left blank.]*

**Schedule "C"**

**Certificate of the Issuer**

Pursuant to a resolution duly passed by its Board of Directors, Critical Infrastructure Technologies Ltd., hereby applies for the listing of the above mentioned securities on the Canadian Securities Exchange. The foregoing contains full, true and plain disclosure of all material information relating to Critical Infrastructure Technologies Ltd. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated this 23<sup>rd</sup> day of February, 2023.

*"Brenton Scott"*

\_\_\_\_\_  
Brenton Scott  
Chief Executive Officer

*"Eugene Hodgson"*

\_\_\_\_\_  
Eugene Hodgson  
Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS**

*"Imants Kins"*

\_\_\_\_\_  
Imants Kins  
Director

*"Richard Paolone"*

\_\_\_\_\_  
Richard Paolone  
Director

**PROMOTER**

*"Faramarz Haddadi"*

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Faramarz Haddadi  
Promoter

*"Brenton Scott"*

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Brenton Scott  
Promoter

*"Andrew Hill"*

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Andrew Hill  
Promoter