

# **Critical Infrastructure Technologies Ltd.**

Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the years ended June 30, 2023 and 2022

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Critical Infrastructure Technologies Ltd.

### *Opinion*

We have audited the accompanying consolidated financial statements of Critical Infrastructure Technologies Ltd. (the "Company"), which comprise the consolidated statement of financial position as at June 30, 2023, and the consolidated statement of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2023, and its financial performance and its cash flows for the year then ended 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 Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained 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 consolidated financial statements, which indicates that the Company's total deficit was \$12,471,822 at June 30, 2023, and that the Company is dependent upon its ability to obtain additional financing to cover its operating costs. 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.

### *Emphasis of Matter – Restated Comparative Information*

We draw attention to Note 20 of the consolidated financial statements, which explains that certain comparative information presented:

- For the year ended June 30, 2022 has been restated.
- As at July 1, 2021 has been derived from the financial statements for the year ended June 30, 2021 which have been restated (not presented herein).

Note 20 explains the reason for the restatement and also explains the adjustments which were applied to restate certain comparative information. Our opinion is not modified in respect of this matter.

The consolidated financial statements of Critical Infrastructure Technologies Pty Ltd. for the year ended June 30, 2022 and 2021, excluding the adjustments that were applied to restate certain comparative information, were audited by another auditor who expressed an unmodified opinion on those statements on October 6, 2022 and March 17, 2022 respectively.



As part of our audit of the consolidated financial statements for the year ended June 30, 2023, we audited the adjustments applied to restate certain comparative information presented. In our opinion, such adjustments are appropriate and have been properly applied.

Other than with respect to the adjustments that were applied to restate certain comparative information, we were not engaged to audit, review, or apply any procedures to the consolidated financial statements for the years ended June 30, 2022 and 2021. Accordingly, we do not express an opinion or any other form of assurance on those consolidated financial statements taken as a whole.

### ***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year ended. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

#### **Reverse Takeover Transaction**

During the year ended June 30, 2023, the Company completed a reverse takeover transaction which is described in Note 5 of the consolidated financial statements.

The reverse takeover transaction is a significant transaction which requires management to exercise judgement and make estimates. As a result, we consider this to be a key audit matter.

Our audit procedures included, but were not limited to:

- Obtaining and reviewing agreements associated with the transaction.
- Ensuring the transaction constitutes a reverse acquisition as defined by IFRS.
- Ensuring the purchase price equation is calculated appropriately.
- Completing audit procedures on opening balance accounts, including cut-off procedures as at the transaction date.
- Ensuring necessary disclosure is included in the consolidated financial statements.

#### **Intangible Assets**

During the year ended June 30, 2023, the Company capitalized \$2,016,049 in internally generated development costs as intangible assets.

Capitalization of internally generated development costs as intangible assets involves significant judgement to be made by management in assessing the capitalization criteria required by IFRS are met, estimation of useful life, judgement made with respect to the availability of those assets to the Company, and significant judgement with respect to any impairments. This in turn lead to a significant degree of auditor judgement, subjectivity, and effort in performing procedures to evaluate audit evidence relating to these judgments made by management. As a result, we consider this to be a key audit matter.

Our audit procedures included, but were not limited to:

- Testing a sample of capitalized additions and assessing the satisfaction of criteria under IFRS.
- Assessing the stage of development of the intangible assets and whether they were available for use in the manner intended by management.
- Assessing the useful life of the intangible assets and any potential impairments.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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 Consolidated Financial Statements***

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

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

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

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

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

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

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



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

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

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

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

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

December 5, 2023

**Critical Infrastructure Technologies Ltd.**  
Consolidated Statements of Financial Position  
As at June 30, 2023 and 2022  
(Expressed in Canadian dollars)

	June 30, 2023	June 30, 2022 (Restated Note 20)	July 1, 2021 (Restated Note 20)
	\$	\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash (Note 6)	393,828	150,440	20,492
Tax and other receivables (Note 7)	322,742	899,170	400,116
Prepaid expenses	49,652	-	-
<b>Total current assets</b>	<b>766,222</b>	<b>1,049,610</b>	<b>420,608</b>
Deposit	77,175	77,857	-
Intangible assets (Note 8)	3,298,216	1,339,082	418,342
<b>Total assets</b>	<b>4,141,613</b>	<b>2,466,549</b>	<b>838,950</b>
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables (Note 9)	982,607	444,025	343,213
Loan and borrowings (Note 10)	771,983	1,083,090	227,765
Convertible loan notes (Note 11)	-	123,601	497,283
<b>Total current liabilities</b>	<b>1,754,590</b>	<b>1,650,716</b>	<b>1,068,261</b>
<b>Shareholders' equity</b>			
Share capital (Note 13)	12,907,013	1,282,125	1,151
Reserves (Note 13)	2,050,242	-	-
Accumulated other comprehensive loss	(98,410)	(16,986)	6,733
Accumulated deficit	(12,471,822)	(449,306)	(237,195)
<b>Total shareholders' equity</b>	<b>2,387,023</b>	<b>815,833</b>	<b>(229,311)</b>
<b>Total liabilities and shareholders' equity</b>	<b>4,141,613</b>	<b>2,466,549</b>	<b>838,950</b>

Nature and continuance of operations (Note 1)

Subsequent events (Note 19)

Approved on behalf of the Board:

  
Director

  
Director

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



**Critical Infrastructure Technologies Ltd.**  
Consolidated Statements of Loss and Comprehensive Loss  
For the years ended June 30, 2023 and 2022  
(Expressed in Canadian dollars)

	June 30, 2023	June 30, 2022 (Restated Note 20)
	\$	\$
<b>Operating expenses</b>		
Consulting fees	132,802	87,009
General and admin fees	61,443	23,803
Professional fees	80,269	18,114
Rent	45,075	-
Travel expenses	92,101	-
<b>Total operating expenses</b>	<b>(411,690)</b>	<b>(128,926)</b>
<b>Other expenses</b>		
Finance cost (Note 10)	(84,338)	(83,185)
Listing expense (Note 5)	(11,526,488)	-
<b>Total other expenses</b>	<b>(11,610,826)</b>	<b>(83,185)</b>
<b>Net loss for the year</b>	<b>(12,022,516)</b>	<b>(212,111)</b>
<b>Other comprehensive loss</b>		
Foreign currency translation	(81,424)	(23,720)
<b>Comprehensive loss for the year</b>	<b>(12,103,940)</b>	<b>(235,831)</b>
<b>Loss per share – basic and diluted</b>	<b>\$ (0.38)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of shares – basic and diluted</b>	<b>31,508,768</b>	<b>29,315,388</b>

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

**Critical Infrastructure Technologies Ltd.**  
Consolidated Statements of Changes in Shareholders' Equity  
For the years ended June 30, 2023 and 2022  
(Expressed in Canadian dollars)

	Share Capital					Total shareholders' equity
	Number of shares	Amount	Reserve	Accumulated other comprehensive loss	Deficit	
		\$	\$	\$	\$	\$
<b>Balance, June 30, 2021</b>	85,181	1,151	-	6,734	(237,195)	(229,311)
Shares issued for cash	13,518	863,187	-	-	-	863,187
Shares issued for debt	6,695	417,651	-	-	-	417,651
Shares issued for services	14,819	136	-	-	-	136
Foreign currency translation	-	-	-	(23,720)	-	(23,720)
Loss for the year	-	-	-	-	(212,111)	(212,111)
<b>Balance, June 30, 2022</b>	120,213	1,282,125	-	(16,986)	(449,306)	815,833
Shares issued for cash	16,339	952,961	-	-	-	952,961
Shares issued for debt	2,046	125,327	-	-	-	125,327
Shares issued for services	2,437	170,591	-	-	-	170,591
Share issue costs	-	(196,741)	-	-	-	(196,741)
Recapitalization	35,101,465	-	-	-	-	-
Shares issued for RTO	48,135,399	10,572,750	2,050,242	-	-	12,622,992
Foreign currency translation	-	-	-	(81,424)	-	(81,424)
Loss for the year	-	-	-	-	(12,022,516)	(12,022,516)
<b>Balance, June 30, 2023</b>	83,377,899	12,907,013	2,050,242	(98,410)	(12,471,822)	2,387,023

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



**Critical Infrastructure Technologies Ltd.**  
Consolidated Statements of Cash Flows  
For the years ended June 30, 2023 and 2022  
(Expressed in Canadian dollars)

	June 30, 2023	June 30, 2022
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net loss	(12,022,516)	(212,111)
<b>Adjustments for:</b>		
Interest expense	84,338	83,185
Services paid in shares	170,591	136
Listing expense	11,526,488	-
<b>Changes in non-cash working capital:</b>		
Decrease (increase) in tax and other receivables	896,428	(499,054)
Increase in prepaid expenses	(49,652)	-
Increase in deposit	-	(77,857)
Increase in trade and other payables	427,868	100,812
<b>Cash provided by (used in) operating activities</b>	<b>1,033,545</b>	<b>(604,889)</b>
<b>INVESTING ACTIVITIES</b>		
Cash provided by acquisition	387,218	-
Development expenditure	(2,016,049)	(969,497)
<b>Cash used in investing activities</b>	<b>(1,628,831)</b>	<b>(969,497)</b>
<b>FINANCING ACTIVITIES</b>		
Shares issued for cash, net of transaction costs	667,300	863,187
Loans and convertible loans received, net	134,109	790,504
<b>Cash provided by financing activities</b>	<b>801,409</b>	<b>1,653,691</b>
<b>Effect of foreign exchange on cash</b>	<b>37,265</b>	<b>50,643</b>
<b>Change in cash</b>	<b>243,388</b>	<b>129,948</b>
<b>Cash, beginning of year</b>	<b>150,440</b>	<b>20,492</b>
<b>Cash, end of year</b>	<b>393,828</b>	<b>150,440</b>
Interest paid	-	83,185
Income taxes paid	-	-

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

## **1. NATURE AND CONTINUANCE OF OPERATIONS**

Critical Infrastructure Technologies Ltd. (formerly 1319275 B.C. Ltd.) (the “Company”) 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.

On February 13, 2023, the Company completed the business combination with Critical Infrastructure Technologies Pty Ltd. (“CiTech”) that was accounted for as a reverse takeover (Note 5). The comparative financial information as at and for year ended June 30, 2022 is that of CiTech.

The Company has an accumulated deficit of \$12,471,822 as at June 30, 2023. 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 significant doubt about the Company’s ability to continue as a going concern. These consolidated 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 consolidated 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”).

These consolidated financial statements have been approved for issuance by the Board of Directors on December 5, 2023.



### **3. BASIS OF PRESENTATION**

The consolidated 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 consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company. The functional currency of CiTech is the Australian dollars.

In addition, the consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The preparation of consolidated 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 consolidated financial statements are disclosed in Note 4.

#### **Change in Presentation Currency**

As outlined in Note 5, these consolidated financial statements are presented as a continuation of CiTech. Effective July 1, 2021, CiTech changed its presentation currency from Australian Dollars ("AUD") to Canadian Dollars ("CAD") to better reflect the Company's business activities after completion of the reverse takeover (Note 5). In making this change in presentation currency to CAD, the Company followed the guidance in IAS 21 The Effects of Changes in Foreign Exchange Rates and have applied the change retrospectively, as if the AUD had always been CiTech's presentation currency, as follows:

- Assets and liabilities have been translated into the CAD at the rate of exchange prevailing at the respective reporting dates;
- The consolidated statements of loss and comprehensive loss were translated at the average exchange rates for the respective reporting periods, or at the exchange rates prevailing at the applicable transaction date;
- Equity transactions have been translated at the exchange rate prevailing at the date of the transactions; and;
- Exchange differences arising on translation were recorded in accumulated other comprehensive loss in shareholders' equity.

**Critical Infrastructure Technologies Ltd.**  
Notes to the Consolidated Financial Statements  
For the years ended June 30, 2023 and 2022  
(Expressed in Canadian dollars)

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The exchange rate used were as follows:

<b>AUD/CAD exchange rate</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>	<b>July 1, 2021</b>
Closing at the reporting date	0.8814	0.8892	0.9295
Average rate for the year	0.9016	0.9182	0.9572

**Basis of Consolidation**

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, CiTech. Inter-company balances and transactions are eliminated on consolidation.

**4. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Cash**

Cash is carried in the statement of financial position at amortized cost.

**(b) 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.

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.



**Critical Infrastructure Technologies Ltd.**  
Notes to the Consolidated Financial Statements  
For the years ended June 30, 2023 and 2022  
(Expressed in Canadian dollars)

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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.

**(c) 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.

**(d) 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.

**(e) 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:

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 16 to these consolidated 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 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.



**Critical Infrastructure Technologies Ltd.**  
Notes to the Consolidated Financial Statements  
For the years ended June 30, 2023 and 2022  
(Expressed in Canadian dollars)

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**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.

The Company's financial assets and liabilities are classified as follows:

	<b>Classification</b>
Cash	Amortized cost
Other receivables	Amortized cost
Trade and other payables	Amortized cost
Loan and borrowings	Amortized cost
Convertible loan notes	Amortized cost

**(f) 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 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 4 years, beginning on the date they become available for use in the manner intended by management.



**(g) 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.

**(h) Leases**

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

**Critical Infrastructure Technologies Ltd.**  
Notes to the Consolidated Financial Statements  
For the years ended June 30, 2023 and 2022  
(Expressed in Canadian dollars)

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The Company has elected to exclude non-lease components related to premises leases in the determination of the lease liability. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve-months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to income on a straight-line basis over the lease term. During the years ended June 30, 2023 and 2022 the total expense related to short term leases was \$450,748 and \$339,975.

**(i) Foreign currency translation**

The functional currency is the currency of the primary economic environment in which an entity operates and may differ from the currency in which the entity conducts transactions.

Transactions in currencies other than the functional currency are translated to the functional currency at exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities that are denominated in currencies other than the functional currency are translated to the functional currency using the exchange rate prevailing on the date of the consolidated statement of financial position, while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation of foreign currency-denominated transactions or balances are recorded as a component of profit or loss in the period in which they occur.

Exchange gains and losses arising from the translation of foreign currency-denominated transactions or balances are recorded as a component of profit or loss in the period in which they occur.

The results of operations and financial position of a subsidiary where the functional currency is different from the presentation currency are translated as follows: assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position; expenses are translated at the average exchange rate for the year, all resulting exchange differences are recognized in other comprehensive income or loss. On disposition or partial disposition of a foreign operation, the cumulative amount of any respective exchange difference is recognized in profit or loss.



**(j) Share-based compensation**

The fair value method of accounting is used for share-based payment transactions. Under this method, the cost of stock options and other share-based payments is recorded based on the estimated fair value using the Black-Scholes option-pricing model at the grant date and charged to profit over the vesting period. The amount recognized as an expense is adjusted to reflect the number of equity instruments expected to vest.

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

Charges for options that are forfeited before vesting are reversed from reserves.

**(k) 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 2023. There are no such accounting standards which would impact the Company's consolidated financial statements.

**(l) Critical accounting estimates and judgements**

The preparation of consolidated 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.



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 consolidated financial statements are discussed below:

### **Going Concern**

The preparation of the consolidated financial statements requires management to make judgments regarding the going concern of the Company as disclosed in Note 1.

### **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.

### **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 16, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

### **Estimation of useful lives of assets**

The Company determines the estimated useful lives and related depreciation and amortisation charges for its 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.

### **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.

### **Research and development expenses**

The determination of whether expenditures on research and development activities meet the criteria for capitalization as internally generated intangible assets is subject to significant judgement. The Company has determined that until such time that a project can demonstrate its commercial and technical feasibility, the Company is able to use or sell the asset, the Company has sufficient resources and intends to complete the development and its costs can be reliably measured, it will remain in the research phase and accordingly expenditures will be recognized as expenses on the consolidated statements of loss and comprehensive loss. The application of each of these criteria is subject to significant inherent judgement.

## **5. REVERSE TAKEOVER**

On December 14, 2021, the Company signed a Share Purchase Agreement (“SPA”) with CiTech, as subsequently amended, by which the Company acquired all of the issued and outstanding shares of CiTech in exchange for common shares of the Company (the “Transaction”). CiTech is an Australian company focused on developing communications products for the mining, emergency service, defence and government sectors.

The Share Purchase Agreement closed on February 13, 2023, and the Company issued 48,135,399 common shares of the Company to the shareholders of CiTech for all of the issued and outstanding shares of CiTech. The substance of the transaction was a reverse takeover of the non-operating company and the transaction does not constitute a business combination as the Company does not meet the definition of a business under IFRS 3. As a result, the transaction was recorded by the Company as a reverse takeover that was not a business combination with a recognition of a listing expense which represented the difference between the fair value of consideration CiTech paid and the fair value of the Company’s net assets.



**Critical Infrastructure Technologies Ltd.**  
Notes to the Consolidated Financial Statements  
For the years ended June 30, 2023 and 2022  
(Expressed in Canadian dollars)

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On February 8, 2023, the Company closed a private placement of special warrants (the "Special Warrant Financing"), which resulted in 4,062,500 special warrants being issued at a price of \$0.30 per special warrant, raising an aggregate amount of \$1,218,750. On February 12, 2023, the special warrants of the Company were converted into 4,062,500 common shares in the capital of the Company.

CiTech, the legal subsidiary, has been identified as the accounting acquirer and the Company, the legal parent, has been identified as the accounting acquiree. As CiTech was deemed to be the acquirer for accounting purposes, its assets, liabilities, and operations since incorporation are included in these consolidated financial statements at their historical carrying value. The Company's results of operations have been included from February 13, 2023, the date of the completion of the Transaction.

The fair value of the consideration was calculated as the fair value of the equity interests that CiTech would have had to issue to give the owners of CiTech the same percentage of equity interest in the combined entity that results from the reverse acquisition. This was estimated to be \$12,622,992 calculated as follows:

- The fair value of the common shares retained by the shareholders of the Company was determined to be \$10,572,750 based on \$0.30 closing price of the concurrent financing.
- The fair value of 300,000 stock options were valued at \$67,500 using the Black-Scholes option pricing model using the following weighted average assumptions: an annualized volatility of 100%; an expected life of 4.27 years; a dividend yield of 0%; and risk-free rate of 3.23%.
- The fair value of 10,673,902 warrants were valued at \$1,982,742 using the Black-Scholes option pricing model using the following weighted average assumptions: an annualized volatility of 100%; an expected life of 2.91 years; a dividend yield of 0%; and risk-free rate of 3.62%.

**Identifiable net assets acquired**

Cash	387,218
Amounts in trust	320,000
Loan receivable	500,000
Trade and other payables	<u>(110,714)</u>
Total identifiable net assets acquired	<u>1,096,504</u>
<b>Listing expense</b>	<u>11,526,488</u>

Loan receivable of \$500,000 is from CiTech which was eliminated upon completion of the reverse takeover (Note 5).



**Critical Infrastructure Technologies Ltd.**  
Notes to the Consolidated Financial Statements  
For the years ended June 30, 2023 and 2022  
(Expressed in Canadian dollars)

**6. CASH**

	June 30, 2023	June 30, 2022
	\$	\$
Cash at bank – Australia	261,432	149,463
Cash at bank – Canada	131,427	-
Cash on hand	969	977
<b>Ending balance</b>	<b>393,828</b>	<b>150,440</b>

**7. TAX AND OTHER RECEIVABLES**

	June 30, 2023	June 30, 2022
	\$	\$
Goods and Services Tax receivable	322,742	176,319
Research and development rebate receivable	-	722,851
<b>Ending balance</b>	<b>322,742</b>	<b>899,170</b>

Subsequent to the year ended June 30, 2023, the Company received the Goods and Services Tax receivable in full, net of amounts owed for withholding tax payables (Note 9).

**8. INTANGIBLE ASSETS**

	June 30, 2023	June 30, 2022
	\$	\$
<b>Research and development expenditure</b>		
Beginning balance	1,339,082	418,342
Addition	2,016,049	969,497
Foreign exchange	(56,915)	(48,757)
<b>Ending balance</b>	<b>3,298,216</b>	<b>1,339,082</b>

As at June 30, 2023 and 2022, all intangible assets relate to capitalized developments costs on the Company's sole product in development (the Nexus 16), and are not being amortized because they are not yet available for use in the manner intended by management.

**Critical Infrastructure Technologies Ltd.**  
Notes to the Consolidated Financial Statements  
For the years ended June 30, 2023 and 2022  
(Expressed in Canadian dollars)

**9. TRADE AND OTHER PAYABLES**

	June 30, 2023	June 30, 2022
	\$	\$
R&D equipment	-	144,501
Accrual and creditors	358,831	-
Consulting fees	-	68,901
Deposits	143,592	-
Superannuation payable	64,314	15,734
Accrued wages	98,957	41,627
Withholding tax payables	316,913	173,262
<b>Ending balance</b>	<b>982,607</b>	<b>444,025</b>

**10. LOAN AND BORROWINGS**

	June 30, 2023	June 30, 2022
	\$	\$
Beginning balance	1,083,090	227,765
Loans received (repaid), net	480,189	772,140
Interest expense	84,338	83,185
Elimination of intercompany loan on reverse takeover	(875,634)	-
<b>Ending balance</b>	<b>771,983</b>	<b>1,083,090</b>



**Critical Infrastructure Technologies Ltd.**  
Notes to the Consolidated Financial Statements  
For the years ended June 30, 2023 and 2022  
(Expressed in Canadian dollars)

	June 30, 2023	June 30, 2022
	\$	\$
(a) 1319275 B.C. Ltd.	-	184,878
(b) Foresense Ltd.	73,235	99,755
(c) Junior Jay Pty Ltd ATF The JJC Consulting Services Trust	63,827	250,412
(d) Radium Capital	634,921	459,125
(e) Other	-	88,920
<b>Total balance</b>	<b>771,983</b>	<b>1,083,090</b>

- (a) Eliminated upon consolidation commencing February 13, 2023.
- (b) Arm's length non-secured loan obtained with a balance of AUD\$112,185 at June 30, 2022, having simple interest rate @ 15%, repayable on demand. During the year ended June 30, 2023, the Company accrued interest of AUD\$15,904 and repaid AUD\$45,000, resulting in a balance of AUD\$89,089 at June 30, 2023.
- (c) Related party non-secured loan obtained from Junior Jay Pty Ltd ATF The JJC Consulting Services Trust, an associated company controlled by the CEO of the Company (Note 12). Loan is taken without any terms and condition and repayable on demand. During the year ended June 30, 2023, the Company repaid AUD\$209,199 resulting in a balance of AUD\$72,416 at June 30, 2023.
- (d) Arm's length non-secured loan obtained amounting to AUD\$265,000 and AUD\$235,000 dated January 29, 2022 and June 29, 2022, respectively, and carry simple interest rate @ 15% and 14%, respectively, unsecured and repayable on November 30, 2023. During the year ended June 30, 2023, the Company accrued interest of AUD\$45,754 and fully repaid AUD\$545,754, resulting in a balance of \$Nil. A new loan was obtained for AUD\$686,750 with a simple interest rate @ 15%. During the year ended June 30, 2023, the Company accrued interest of AUD\$33,605, resulting in a balance of AUD\$720,355 at June 30, 2023. The new loan was repaid in full subsequent on September 25, 2023.
- (e) Share subscriptions received in advance that was settled in shares during the year ended June 30, 2023.

## 11. CONVERTIBLE LOAN NOTES

	June 30, 2023	June 30, 2022
	\$	\$
Convertible loan notes	-	123,601

On October 26, 2022, CiTech issued 2,046 shares to settle conversion of convertible loan notes in the amount of \$125,327 (AUD\$139,005) (Note 13).

**Critical Infrastructure Technologies Ltd.**  
Notes to the Consolidated Financial Statements  
For the years ended June 30, 2023 and 2022  
(Expressed in Canadian dollars)

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**12. RELATED PARTY TRANSACTION**

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.

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.

<b>Related party</b>	<b>Relation</b>	<b>Transaction with related party</b>
Junior Jay Pty Ltd ATF The JJC Consulting Services Trust	Associated company controlled by CEO	<ol style="list-style-type: none"> <li>1. Consulting fees charged by JJC Consulting Services Trust during the year amounting to \$132,802 (AUD\$147,296) included in consulting fees (\$133,650 (AUD\$148,500) 2022) and \$45,715 (AUD\$50,704) capitalized in intangible assets (\$44,550 (AUD\$49,500) 2022)</li> <li>2. As at June 30, 2023, \$63,827 (AUD\$72,416) was due to Junior Jay (being a combination of outstanding consulting fees and rent due, plus loans advanced to CiTech).</li> <li>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 \$45,075 (AUD\$49,995) included in rent expense (Nil 2022) and \$405,673 (AUD\$449,947) capitalized in intangible assets (\$339,975 (AUD\$377,750) 2022).</li> </ol>

**13. SHARE CAPITAL AND RESERVES**

**(a) Authorized**

Unlimited number of common and preferred shares without par value

**Critical Infrastructure Technologies Ltd.**  
Notes to the Consolidated Financial Statements  
For the years ended June 30, 2023 and 2022  
(Expressed in Canadian dollars)

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**(b) Shares issued during the year ended June 30, 2023**

On October 26, 2022, CiTech issued 16,339 shares for total proceeds of \$952,961 (AUD\$1,056,966).

On October 26, 2022, CiTech issued 2,046 shares to settle conversion of convertible loan notes in the amount of \$125,327 (AUD\$139,005) (Note 11).

On October 26, 2022, CiTech issued 2,437 shares valued at \$170,591 (AUD\$189,209) for services rendered.

On February 13, 2023, the Company closed the Share Purchase Agreement with CiTech and issued 48,135,399 common shares of the Company valued at \$10,572,750, consistent with the closing of the private placement of special warrants at \$0.30 on February 8, 2023, to acquire 100% of CiTech, resulting in a reverse takeover (Note 5).

**(c) Shares issued during the year ended June 30, 2022**

On June 30, 2022, CiTech issued 13,518 shares for total proceeds of \$863,187 (AUD\$940,086).

On June 30, 2022, CiTech issued 6,695 shares to settle conversion of convertible loan notes in the amount of \$417,651 (AUD\$454,858).

On September 8, 2021, CiTech issued 14,819 shares for services rendered.

**(d) Stock options**

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

	Number of Options	Weighted Average Exercise Price \$
Balance, June 30, 2021 and 2022	-	-
Granted (Note 5)	300,000	0.24
<b>Balance, June 30, 2023</b>	<b>300,000</b>	<b>0.24</b>



**Critical Infrastructure Technologies Ltd.**  
Notes to the Consolidated Financial Statements  
For the years ended June 30, 2023 and 2022  
(Expressed in Canadian dollars)

As at June 30, 2023, 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>
May 20, 2022	300,000	300,000	\$0.24	May 20, 2027
<b>Total</b>	<b>300,000</b>	<b>300,000</b>	<b>\$0.24</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 (Note 5).

**(e) Warrants**

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>
		<b>\$</b>
<b>Balance, June 30, 2021 and 2022</b>	-	-
Issued (Note 5)	10,673,902	0.30
<b>Balance, June 30, 2023</b>	<b>10,673,902</b>	<b>0.30</b>

As at June 30, 2023, outstanding warrants were as follows:

<b>Grant Date</b>	<b>Number of warrants outstanding and exercisable</b>	<b>Exercise price</b>	<b>Expiry date</b>
October 25, 2021	5,000,000	\$0.30	October 25, 2026
April 30, 2022	5,673,902	\$0.30	April 30, 2025
<b>Total</b>	<b>10,673,902</b>	<b>\$0.30</b>	

**Critical Infrastructure Technologies Ltd.**  
Notes to the Consolidated Financial Statements  
For the years ended June 30, 2023 and 2022  
(Expressed in Canadian dollars)

**14. INCOME TAXES**

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	Year ended June 30, 2023	Year ended June 30, 2022
	\$	\$
Loss before income taxes	(12,022,516)	(212,111)
Statutory income tax rates	27%	27%
Expected income recovery	(3,246,000)	(57,000)
Difference in tax rates	3,000	-
Non-deductible expenses	3,181,000	(8,000)
Deferred tax assets acquired	(194,000)	-
Foreign exchange rate and others	5,000	-
Unrecognized tax benefits	251,000	65,000
Total income tax expense	-	-

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:

	June 30, 2023	June 30, 2022
	\$	\$
Deferred income tax assets:		
Non-capital loss carry-forwards	316,000	65,000
Income tax benefits not recognized	(316,000)	(65,000)
Net deferred tax assets	-	-

The Company has approximately \$819,000 in non-capital losses available in Canada and \$380,000 (AUD\$430,000) in non-capital losses available in Australia can be carried forward and claimed as deductions in future years.

The tax pools relating to these deductible temporary differences expire as follows:

	Expiry Date Range
Temporary Differences	
Non-capital losses (Canada)	From 2041 to 2043
Non-capital losses (Australia)	No expiry



## **15. MANGEMENT OF CAPITAL**

The Company defines capital as consisting of shareholder's equity (comprised of issued share capital, 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 June 30, 2023, the Company is not subject to any externally imposed capital requirements or debt covenants. There were no changes in the Company's approach to managing capital during the year.

## **16. 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 the Company and CITP's functional currencies. As at June 30, 2023, 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 and trade and other receivables. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions. Tax and other receivables consist of refundable sales taxes and rebates from government agencies. Management believes that the credit risk related to its cash and trade and other receivables 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. As at June 30, 2023, the Company has a cash balance of \$393,828 and current liabilities of \$1,754,590. 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 June 30, 2023.



### **Fair Value Measurements**

The carrying value of cash and cash equivalents, trade and other receivables, loan receivable, trade and other payables, loan and borrowings and convertible loan notes approximate their fair value due to the short-term maturity of these financial instruments.

### **17. SEGMENTED INFORMATION**

The Company operates as a single segment, being the development of communications products for the mining, emergency service, defence, and government sectors. All long-lived assets are located in Australia.

### **18. COMMITMENT**

On April 30, 2022, the Company and Alke Capital Limited ("Alke") entered into an arm's length transaction with Alke ("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 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"). As at June 30, 2023 and 2022, there had been \$Nil withdrawn from the facility.

### **19. SUBSEQUENT EVENT**

The Company is not aware of any disclosable subsequent events as of the date of issuance of these consolidated financial statements.

**Critical Infrastructure Technologies Ltd.**  
Notes to the Consolidated Financial Statements  
For the years ended June 30, 2023 and 2022  
(Expressed in Canadian dollars)

**20. RESTATEMENT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

As outlined in Note 5, these consolidated financial statements are presented as a continuation of CiTech. CiTech's consolidated financial statements for the years ended June 30, 2022 and 2021 have been restated to reverse the amortization of the intangible assets recognized prior to being available for use. The effect of the reversal of the amortization is as follows:

**Consolidated Statements of Financial Position**

	June 30, 2022 (Original)	June 30, 2022 (Translated)	Adjustments	June 30, 2022 (Restated)
	AUD\$	\$	\$	\$
Intangible assets	1,016,937	904,260	434,822	1,339,082
Reserves	-	1,582	(18,568)	(16,986)
Accumulated deficit	(967,811)	(902,696)	453,390	(449,306)

	June 30, 2021 (Original)	June 30, 2021 (Translated)	Adjustments	June 30, 2021 (Restated)
	AUD\$	\$	\$	\$
Intangible assets	337,555	313,757	104,585	418,342
Reserves	-	9,849	(3,116)	6,733
Accumulated deficit	(360,318)	(344,896)	107,701	(237,195)

**Consolidated Statements of Loss and Comprehensive Loss**

	June 30, 2022 (Original)	June 30, 2022 (Translated)	Adjustments	June 30, 2022 (Restated)
	AUD\$	\$	\$	\$
Amortization	376,485	345,689	(345,689)	-
Net loss for the year	(607,493)	(557,800)	345,689	(212,111)
Foreign currency translation	-	(5,152)	(18,568)	(23,720)
Comprehensive loss for the year	(607,493)	(562,952)	327,121	(235,831)



**Critical Infrastructure Technologies Ltd.**  
Notes to the Consolidated Financial Statements  
For the years ended June 30, 2023 and 2022  
(Expressed in Canadian dollars)

	June 30, 2021 (Original)	June 30, 2021 (Translated)	Adjustments	June 30, 2021 (Restated)
	AUD\$	\$	\$	\$
Amortization	112,517	107,701	(107,701)	-
Net loss for the year	(360,318)	(344,896)	107,701	(237,195)
Foreign currency translation	-	9,849	(3,116)	6,733
Comprehensive loss for the year	(360,318)	(335,047)	104,585	(230,462)

**Consolidated Statements of Cash Flows**

The reversal of the amortization cost was a non-cash item and, as a result, there were no changes to the overall cash flows arising from the restatement.