GATEKEEPER
PROTECTING PEOPLE IN TRANSIT

GATEKEEPER SYSTEMS INC.

Consolidated Financial Statements

For the Nine Months Ended May 31, 2026

Gatekeeper-Systems.com

MANAGEMENT'S COMMENTS ON
UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the unaudited condensed interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Gatekeeper Systems Inc. (the "Company") have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of unaudited condensed interim consolidated financial statements by an entity's auditor.

GATEKEEPER SYSTEMS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT

(expressed in Canadian dollars)

	May 31, 2026	**August 31, 2025**
ASSETS		
Current Assets		
Cash	$ 7,205,767	$ 14,769,751
Trade and other receivables (note 5)	14,539,150	7,960,133
Inventories (note 6)	17,352,693	11,823,948
Prepaid expenses and other current assets	2,281,016	1,067,708
	41,378,626	35,621,540
Non-Current Assets		
Property, plant and equipment (note 8)	1,251,505	1,497,159
Intangible asset	7,555	8,167
Goodwill (note 7)	158,053	156,968
Deferred tax asset (note 15)	1,567,000	1,233,000
Total Assets	**$ 44,362,739**	**$ 38,516,834**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Trade and other payables and accrued liabilities (note 10)	3,044,456	10,814,952
Bonus payable (note 19)	-	197,906
Lease obligations – current (note 11)	312,486	337,426
Unearned revenue	473,309	657,051
	3,830,251	12,007,335
Non-Current Liabilities		
Lease obligations – long term (note 11)	190,297	411,778
Total Liabilities	4,020,548	12,419,113
Shareholders' Equity		
Share capital (note 12)	41,308,268	28,401,116
Other capital reserves (note 13)	2,737,446	2,633,277
Accumulated other comprehensive income (loss)	287,174	79,706
Deficit	(3,990,697)	(5,016,378)
	40,342,191	26,097,721
Total Liabilities and Shareholders' Equity	**$ 44,362,739**	**$ 38,516,834**

DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS (note 1)
COMMITMENTS AND CONTINGENCIES (note 20)
SUBSEQUENT EVENT (note 22)

APPROVED ON BEHALF OF
THE BOARD OF DIRECTORS

"David Stumpo"	***"Douglas Dyment"***
(signed)	*(signed)*
Director	**Director**

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

GATEKEEPER SYSTEMS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2026 AND MAY 31, 2025

(expressed in Canadian dollars)

	Three months ended		Nine months ended	
	May 31, 2026	**May 31, 2025**	**May 31, 2026**	**May 31, 2025**
Revenues	$ 12,541,042	$ 7,465,670	$ 28,824,753	$ 20,671,389
Cost of Sales	5,873,693	3,793,648	15,057,726	11,546,294
Gross Profit	6,667,349	3,672,022	13,767,027	9,125,095
Operating Expenses				
General and administrative (note 14a)	1,789,201	1,437,813	5,387,042	3,966,634
Selling and marketing (note 14b)	1,751,522	1,422,785	4,569,604	4,001,726
Research and development (note 14c)	1,042,851	871,591	3,089,883	2,523,317
	4,583,574	3,732,189	13,046,529	10,491,677
Operating Profit (Loss)	2,083,775	(60,167)	720,498	(1,366,582)
Other Income (Expenses)				
Interest	32,632	10,868	94,509	42,570
Foreign exchange	200,132	(381,583)	56,779	381,522
Finance costs	-	(434)	-	(10,190)
Write-down of inventory	-	-	(1)	-
Net income (loss) before income taxes	2,316,539	(431,316)	871,785	(952,680)
Current income tax	(6,507)	3,127	180,104	(276,563)
Deferred income tax expense (recovery) (note 15)	(20,000)	(128,000)	(334,000)	(310,000)
Net income (loss)	2,343,246	(300,189)	1,025,681	(919,243)
Other Comprehensive Income (Loss)				
Foreign currency translation differences	(910,714)	(142,583)	413,016	117,828
Total Comprehensive Income (Loss)	**$ 1,432,532**	**$ (442,772)**	**$ 1,438,697**	**$ (801,415)**
Basic income (loss) per share	**$ 0.02**	**$ (0.01)**	**$ 0.01**	**$ (0.01)**
Weighted Average Number of Shares Outstanding	**110,968,246**	**93,967,395**	**108,842,325**	**93,780,838**
Diluted income (loss) per share	**$ 0.02**	**$ (0.01)**	**$ 0.01**	**$ (0.01)**
Weighted Average Number of Shares Outstanding	**110,968,246**	**93,967,395**	**108,842,325**	**93,780,838**

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

GATEKEEPER SYSTEMS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED MAY 31, 2026 AND MAY 31, 2025

(expressed in Canadian dollars)

	May 31, 2026	May 31, 2025
Cash Flows from Operating Activities		
Net income (loss)	$ 1,025,681	$ (919,243)
Items not affecting cash from operations:		
Depreciation	401,308	357,197
Amortization – intangible assets	612	92,604
Write off inventory	31,851	-
Share-based payments	270,389	39,479
Interest on lease liability	42,616	-
Deferred tax recovery	(334,000)	(310,000)
Unrealized foreign exchange loss (gain)	196,892	(79,938)
Changes in non-cash working capital balances related to operations:		
Trade and other receivables	(6,501,349)	4,934,739
Income tax receivable	-	(651,420)
Inventories	(5,478,260)	(427,404)
Prepaid expenses and other current assets	(1,207,636)	(1,545,756)
Trade and other payables and accrued liabilities	(7,779,048)	(1,852,129)
Bonus payable	(197,906)	(19,973)
Long term bonus payable	-	(201,500)
Unearned revenue	(187,693)	(18,261)
Net cash provided by (used in) operating activities	(19,716,543)	(601,605)
Cash Flows used in Investing Activities		
Purchase of property, plant and equipment	(158,117)	(156,418)
Intangible asset	-	(85,150)
Net cash provided by (used in) investing activities	(158,117)	(241,568)
Cash Flows used in Financing Activities		
Exercise of stock options	229,937	47,700
Share issuance cost	(986,706)	-
Private placement	13,497,700	-
Lease payments	(286,212)	(276,988)
Net cash provided by (used in) financing activities	12,454,719	(229,288)
Foreign Exchange Gain on Cash held in USD	(144,043)	63,433
Increase (Decrease) in Cash	(7,563,984)	(1,072,461)
Cash – Beginning of period	14,769,751	6,721,250
Cash – End of period	$ 7,205,767	$ 5,712,222

Supplemental Cash Flow Information (note 21)

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

GATEKEEPER SYSTEMS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED MAY 31, 2026 AND MAY 31, 2025

(expressed in Canadian dollars, except per share and share amounts)

	Shares	Amount	Reserves	Accumulated Other Comprehensive Income	Deficit	Total
Balance – August 31, 2024	93,607,395	$ 17,584,848	$ 2,537,359	$ (11,475)	$ (1,948,655)	$ 18,162,077
Exercise of options (note 12)	360,000	47,700	-	-	-	47,700
Re-allocated on exercise of stock options	-	30,765	(30,765)	-	-	-
Share-based payments (note 13)	-	-	39,479	-	-	39,479
Foreign currency translation	-	-	-	117,828	-	117,828
Net loss	-	-	-	-	(919,243)	(919,243)
Balance – May 31, 2025	93,967,395	$ 17,663,313	$ 2,546,073	$ 106,353	$ (2,867,898)	$ 17,447,841
Balance – August 31, 2025	103,860,145	$ 28,401,116	$ 2,633,277	$ 79,706	$ (5,016,378)	$ 26,097,721
Exercise of options (note 12)	920,000	396,158	(166,220)	-	-	229,938
Private placement	6,427,476	13,497,700	-	-	-	13,497,700
Share issuance costs	-	(986,706)	-	-	-	(986,706)
Share-based payments	-	-	270,389	-	-	270,389
Foreign currency translation	-	-	-	207,468	-	207,468
Net income	-	-	-	-	1,025,681	1,025,681
Balance – May 31, 2026	111,207,621	$ 41,308,268	$ 2,737,446	$ 287,174	$ (3,990,697)	$ 40,342,191

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

1. Description of Business and Nature of Operations

Gatekeeper Systems Inc. (the "Company" or "Gatekeeper") was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on August 26, 2010 and completed its initial public offering as a Capital Pool Company on January 7, 2011. The Company specializes in design, manufacturing and marketing of video security solutions for mobile and extreme environments.

The head office and principal address is located at Suite 301, 31127 Wheel Avenue, Abbotsford, British Columbia, V2T 6H1. The Company's registered and records office is located at 10th floor, 595 Howe Street Vancouver, British Columbia, V6C 2T5.

On March 1, 2018, the Company formed a wholly-owned subsidiary called Gatekeeper Systems USA Inc. (the "US Subsidiary") pursuant to the General Corporation Law of the State of Delaware on March 1, 2018 with a principal address located at 221 Valley Road, Wilmington, Delaware 19804. The Subsidiary's registered and records office in the State of Delaware is 9E Lockerman Street, Suite 311, Dover, Delaware 19901, County of Kent.

The Company's condensed interim consolidated financial statements (the "financial statements") as at May 31, 2026 and August 31, 2025 have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities and commitments in the normal course of business. The Company has a reported total comprehensive income of $1,438,697 for the nine months ended May 31, 2026 (May 31, 2025 – loss of $801,415) and has a working capital of $37,548,375 at May 31, 2026 (August 31, 2025 – $23,614,205).

2. Basis of Preparation and Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. These interim financial statements follow the same accounting policies and methods of computation as compared with the most recent annual financial statements, being for the year ended August 31, 2025, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company's most recent annual financial statements. These condensed interim consolidated financial statements were approved for issuance by the Board of Directors on July 21, 2026.

The Company's condensed interim consolidated financial statements have been prepared under the historical cost method, except for certain financial instruments which are measured at fair value and are presented in Canadian dollars except where otherwise indicated.

These condensed interim consolidated financial statements incorporate the financial statements of the Company and its controlled, wholly-owned US Subsidiary. Intercompany balances, transactions, income and expenses are eliminated on consolidation.

3. Summary of Material Accounting Policy Information

The significant accounting policies used in the preparation of these condensed interim consolidated financial statements are consistent with those described in the audited financial statements for the year ended August 31, 2025.

4. Significant Accounting Judgments and Estimates

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting year. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment are as outlined below. Actual results may differ from those estimates and judgments.

Significant Estimates

(a) Allowances for Doubtful Accounts

The Company must make an assessment of whether trade receivables are collectible from customers. Accordingly, management establishes an allowance for estimated losses arising from non-payment, taking into consideration customer credit, current economic trends and past experience. If future collections differ from estimates, future earnings would be affected.

(b) Inventory Valuation

The Company adjusts inventory values so that the carrying values do not exceed the net realizable value. The valuation of inventory at the lower of cost or net realizable value requires the use of estimates with regards to the amount of current inventory that will be sold, the prices at which it will be sold, the amount of associated inventory costs, and an estimate of expected orders from customers. Additionally, the estimates reflect changes in products or changes in demand because of various factors, including the market for products, obsolescence, change in product offerings, technology changes and competition.

4. Significant Accounting Judgments and Estimates (continued)

Significant Estimates (continued)

(c) Impairment of Financial Assets

At each reporting date the Company assesses financial assets not carried at fair value through profit or loss to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that one or more events occurred during the period that negatively affected the estimated future cash flows of the financial asset.

Objective evidence that financial assets are impaired can include significant financial difficulty of the issuer or debtor, default or the disappearance of an active market for a security. If the Company determines that a financial asset is impaired, judgment is required in assessing the available information in regard to the amount of impairment; however the final outcome may be materially different than the amount recorded as a financial asset.

d) Warranty Provision

The Company estimates a provision for future warranty claims based on historical claims as well as recent trends at each reporting date. A provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. These claims are expected to be settled in the next financial year.

(e) Useful Lives of Property, Plant and Equipment and Finite-Life Intangible Assets

The Company reviews estimates of the useful lives of property, plant and equipment and finite-life intangible assets on an annual basis and adjusts depreciation or amortization on a prospective basis, if needed. Changes in technology or the intended use of assets, as well as changes in business prospects or economic and industry factors, may cause the estimated useful lives of these assets to change. The estimated useful lives of property, plant and equipment and finite-life intangible assets are determined by internal asset life analysis, which takes into account actual and expected future usage, physical wear and tear, replacement history and assumptions about technology evolution. When factors indicate that assets' useful lives are different from the prior assessment, the Company depreciates or amortizes the remaining carrying value prospectively over the adjusted estimated useful lives.

(f) Leases

The Company estimates the lease term by considering the facts and circumstances that can create an economic incentive to exercise an extension option, or not exercise a termination option by assessing relevant factors such as profitability and operations. Extension option (or options after termination options) are only included in the lease term if the lease is reasonably certain to be included (or not terminated). The assessment of the lease term is reviewed if a significant event or significant change in circumstance occurs, which affects this assessment and that is within the control of the lessee. The Company estimates the incremental borrowing rate used to measure its lease liability for each lease contract. This includes estimation in determining the asset-specific security impact.

(g) Share-Based Payments

Management assesses the fair value of stock options granted in accordance with the accounting policy stated in note 3. The fair value of stock options is measured using the Black-Scholes Option Valuation Model. The fair value of stock options granted using valuation models is only an estimate of their potential value and requires the use of estimates and assumptions.

The Company has adopted a relative fair value method with respect to the measurement of shares and warrants issued as private placement units. Under the relative fair value method, the value of the private placement units are proportionally allocated between the shares and warrants issued based on their relative fair value. Judgement is required in determining the fair value of the shares and the fair value of the warrants.

4. Significant Accounting Judgments and Estimates (continued)

Significant Estimates

(h) Current and Deferred Taxes

Current and deferred tax provisions and obligations are calculated for each of the jurisdictions in which the Company operates. Actual amounts of income tax expense and obligations are not final until tax returns are filed and assessed by the relevant taxation authorities. This occurs subsequent to the issuance of the financial statements, and the final determination of actual amounts may not be completed for a number of years. Therefore, financial results in subsequent periods will be affected by the amount that estimates differ from the final tax return.

Significant Judgments

(a) Current and Deferred Taxes

Judgement is required in determining whether deferred tax assets are recognized on the statement of financial position and what tax rate is expected to be applied in the year when the related temporary differences reserves, particularly in regard to the utilization of tax loss carry-forwards. Deferred tax assets, including those arising from unutilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that the cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the statement of financial position date, if any, could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company and its US Subsidiary operate could limit the ability of the Company to obtain tax deductions in future periods.

(b) Determination of Functional Currency

The functional currency of the Company's subsidiary is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

(c) Going Concern

Management is required to determine whether or not the going concern assumption is appropriate for the Company at the end of each reporting period. Considerations taken into account include available information about the future including the availability of financing and revenue projection, as well as current working capital balance and future commitments of the Company.

(d) Recovery of Goodwill

The Company evaluates the carrying values of the CGU's goodwill on an annual basis in the fourth quarter of each year to determine whether or not impairment of these assets has occurred and whether write-downs of the value of these assets are required. Similarly, the Company evaluates the carrying value of CGUs with long-lived assets whenever circumstances arise that could indicate impairment or reversal of impairment, and at each reporting date. These impairment tests require the determination of recoverable amounts which include certain assumptions regarding discount rates and future cash flows generated by these assets in determining the value-in-use or fair value less costs of disposal calculations. Actual results could differ from these assumptions and estimates.

Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose but are not allocated above the operating segment level at which management monitors the recovery of goodwill.

(expressed in Canadian dollars except where noted)

5. Trade and Other Receivables

	May 31, 2026	**August 31, 2025**
Trade receivables	$ 13,918,550	$ 7,956,412
GST receivable	93,201	-
Other receivable	527,399	3,721
	$ 14,539,150	$ 7,960,133

The Company has a general security agreement securing its line of credit, representing a first charge on all its present and future personal property. As at May 31, 2026, there was $Nil owing under the line of credit (August 31, 2025 - $Nil), there were $Nil in trade receivables secured under the line (note 9).

6. Inventories

	May 31, 2026	**August 31, 2025**
Raw materials	$ 7,710,832	$ 635,624
Finished goods	9,641,861	11,188,324
	$ 17,352,693	$ 11,823,948

For the period ended May 31, 2026, the cost of inventories recognized as an expense and included in cost of sales was $10,836,338 (May 31, 2025 - $2,539,906).

For the period ended May 31, 2026 a write-down of inventories of $Nil (May 31, 2025 - $Nil) which was included in other income (expense) in the consolidated statements of income and comprehensive income.

As at May 31, 2026, there was $Nil owing under the line of credit (May 31, 2025 - $Nil), and there were $Nil inventories secured under the line (note 9).

7. Goodwill

Effective April 1, 2018 the Company's US Subsidiary purchased certain operating assets and service contracts from Wilmington, Delaware-based Spector Logistics, Inc. for a total purchase price of US$300,000.

A goodwill of $160,029 (US$114,225) arising from the purchase was attributable to the marketing, sale and servicing of mobile video safety and security solutions in the United States. Goodwill, which is deductible for income tax purposes, is the excess of the cost of an acquired enterprise over the net amount assigned to individual assets acquired and liabilities assumed in a business combination. Goodwill is not amortized and is tested for impairment annually by comparing the fair value of the operating cash flows to the carrying value of the reporting unit.

As at May 31, 2026, the value of goodwill was $158,053 (August 31, 2025 - $156,968) and intangible assets was $7,555 (August 31, 2025 - $8,167), there was no impairment recorded for the years then ended.

(expressed in Canadian dollars except where noted)

8. Property, Plant and Equipment

Cost	**Automotive**	**Computer Equipment and Software**	**Furniture and Fixtures**	**Right of Use Asset – Copier Lease**	**Technical Equipment**	**Research and Development Equipment**	**Leasehold Improvements**	**Right of Use Asset – Automobile Leases**	**Right of Use Asset – Office Leases**	**Right of Use Asset – Forklift Lease**	**Total**
August 31, 2024	**$ 122,653**	**$ 1,599,037**	**$ 82,525**	**$ 23,039**	**$ 253,913**	**$ 60,525**	**$ 365,828**	**$ 618,556**	**$ 1,250,034**	**$ 18,031**	**$ 4,394,141**
Additions	-	145,719	-	3,039	-	-	20,802	58,039	-	-	227,599
Disposal	-	-	-	-	-	-	-	-	-	-	-
Foreign currency difference	1,710	15,100	611	111	1,029	-	2,089	9,687	7,449	335	38,121
August 31, 2025	**$ 124,363**	**$ 1,759,856**	**$ 83,136**	**$ 26,189**	**$ 254,942**	**$ 60,525**	**$ 388,719**	**$ 686,282**	**$ 1,257,483**	**$ 18,366**	**$ 4,659,861**
Additions	-	156,848	-	-	1,269	-	-	-	-	-	158,117
Disposal	-	-	-	-	-	-	-	-	-	-	-
Foreign currency difference	647	5,831	232	49	390	-	1,161	4,743	2,818	127	15,998
May 31, 2026	**$ 129,010**	**$ 1,922,535**	**$ 83,368**	**$ 26,238**	**$ 256,601**	**$ 60,525**	**$ 389,880**	**$ 691,025**	**$ 1,260,301**	**$ 18,493**	**$ 4,833,976**

Depreciation	**Automotive**	**Computer Equipment and Software**	**Furniture and Fixtures**	**Right of Use Asset – Copier Lease**	**Technical Equipment**	**Research and Development Equipment**	**Leasehold Improvements**	**Right of Use Asset – Automobile Leases**	**Right of Use Asset – Office Leases**	**Right of Use Asset – Forklift Lease**	**Total**
August 31, 2024	**$ 95,891**	**$ 778,583**	**$ 71,246**	**$ 14,941**	**$ 213,294**	**$ 59,881**	**$ 338,293**	**$ 224,912**	**$ 785,997**	**$ 18,031**	**$ 2,601,169**
Depreciation	9,481	231,381	3,857	4,202	13,319	544	11,957	83,674	134,866	-	493,281
Disposal	-	-	-	-	-	-	-	-	-	-	-
Foreign currency difference	1,697	4,895	575	1,612	(671)	-	2,891	3,821	3,229	335	18,384
August 31, 2025	**$ 107,069**	**$ 1,014,859**	**$ 75,678**	**$ 20,755**	**$ 225,942**	**$ 60,525**	**$ 353,141**	**$ 312,407**	**$ 924,092**	**$ 18,366**	**$ 3,112,834**
Depreciation	7,105	176,499	2,773	4,732	7,885	-	7,264	72,001	123,049	-	401,308
Foreign currency difference	650	6,519	275	1,029	427	-	1,182	4,702	53,418	127	68,329
May 31, 2026	**$ 114,824**	**$ 1,197,877**	**$ 78,726**	**$ 26,516**	**$ 234,254**	**$ 60,525**	**$ 361,587**	**$ 389,110**	**$ 1,100,559**	**$ 18,493**	**$ 3,582,471**

Net Book Value	**Automotive**	**Computer Equipment**	**Furniture and Fixtures**	**Leased Office Equipment**	**Technical Equipment**	**Research and Development Equipment**	**Leasehold Improvements**	**ROU Asset - Leased Automobile**	**ROU Asset – Office Leases**	**Right of Use Asset – Forklift**	**Total**
August 31, 2025	$ 17,294	$ 744,997	$ 7,458	$ 5,434	$ 29,000	$ -	$ 35,578	$ 373,875	$ 333,391	$ -	$ 1,547,028
May 31, 2026	**$ 10,186**	**$ 724,658**	**$ 4,642**	**$ (278)**	**$ 22,347**	**$ -**	**$ 28,293**	**$ 301,915**	**$ 159,742**	**$ -**	**$ 1,251,505**

(expressed in Canadian dollars except where noted)

9. Line of Credit

On July 23, 2020, the Company entered into a $3,000,000 revolving line of credit (the "Credit Facility") with the Toronto-Dominion Bank, which was increased to $6,000,000 on April 29, 2022. The Credit Facility bears interest at a rate of prime plus 0.85% per annum and United States base rate (USBR) loans at a rate of prime plus 0.75%. The Credit Facility is intended to be used for general working capital purposes.

The Company also has a letter of credit facility ("Letter of Credit Facility") with the Toronto-Dominion Bank pursuant to which the Toronto-Dominion Bank will issue letters of credit, including supplier payment guarantees, up to $2 million to certain Company suppliers. The Letter of Credit Facility fee is 0.65 percent of the amounts issued under the Letter of Credit Facility.

The Credit Facility and Letter of Credit Facility is secured by a general security agreement (GSA) for Gatekeeper Systems Inc., representing a first charge on the Company's present and after acquired personal property, and a uniform commercial code security agreement ("UCC") for Gatekeeper Systems USA Inc., among other customary guarantees, and is repayable upon demand. The initial drawdown under the Credit Facility is subject to satisfaction or waiver of certain conditions precedent customary for a financing of this type.

As at May 31, 2026, there was $Nil owing under the Credit Facility (August 31, 2025 - $Nil).

10. Trade and Other Payables and Accrued Liabilities

	May 31, 2026	**August 31, 2025**
Trade payables	$ 1,351,858	$ 7,799,125
Salaries and benefits payable	1,269,534	1,624,322
Provincial Sales Tax payable and State Sales Tax Payable	664	61,682
Accrued and other liabilities	375,889	1,286,598
Accrued warranty liabilities	46,511	46,226
	$ 3,044,456	$ 10,814,952

Included in trade and other payables and accrued liabilities are amounts of $12,734 (August 31, 2025 - $45,656) due to related parties (note 19).

The Company provides a one year, three year, five year, ten year, or lifetime warranty, depending on the product, to repair or replace defective components with respect to its product sales. The warranty provision in the consolidated statements of income and comprehensive income includes management's best estimate of the total costs of all raw materials, labour and travel expenses required to repair issues related to all products that were sold and shipped prior to period end.

(expressed in Canadian dollars except where noted)

11. Leases

The Company enters into lease arrangements for certain premises and equipment. The following table provides a continuity of the lease obligations for the Company for the period end May 31, 2026:

	Automobile Leases	Office Leases	Copier Lease	Forklift Lease	Total
	$	**$**	**$**	**$**	**$**
Balance, August 31, 2024	**417,077**	**554,924**	**8,922**	**2,084**	**983,007**
Additions	56,195	-	3,038	-	59,233
Interest	38,881	24,783	684	13	64,361
Lease payments	(134,293)	(237,230)	(4,576)	(2,134)	(378,233)
FX Adjustment	1,599	19,387	(187)	37	20,836
Balance, August 31, 2025	**379,459**	**361,864**	**7,881**	**-**	**749,204**
Additions	-	-	-	-	-
Interest	23,269	22,102	680	-	46,051
Lease payments	(110,661)	(180,357)	(2,712)	-	(293,730)
FX Adjustment	8,153	(7,869)	974	-	1,258
Balance, May 31, 2026	**300,220**	**195,740**	**6,823**	**-**	**502,783**
Less: Current portion	**(112,999)**	**(195,740)**	**(3,747)**	**-**	**(312,486)**
Lease obligations – long term	**187,221**	**-**	**3,076**	**-**	**190,297**

See Note 8 – Property, Plant and Equipment of these financial statements for the Right of Use Assets of these leases.

The following table discloses the undiscounted cash flow for lease obligations as of May 31, 2026:

	Automobile Leases	Office Leases	Copier Lease	Total
Less than one year	$ 112,999	$ 195,740	$ 3,747	$ 312,486
One to five years	187,221	-	3,076	190,297
	$ 300,220	$ 195,740	$ 6,823	$ 502,783

12. Share Capital

(a) Authorized Share Capital

The Company has authorized an unlimited number of common shares with no par value, unlimited Class A preferred shares with no par value, unlimited Class B preferred shares with par value of $0.01 and unlimited Class C preferred shares with no par value.

At May 31, 2026, the Company had 111,207,621 common shares outstanding (August 31, 2025 – 103,860,145), Nil Class A preferred shares outstanding (August 31, 2025 – Nil), Nil Class B preferred shares outstanding (August 31, 2025 – Nil) and, Nil Class C preferred shares outstanding (August 31, 2025 – Nil).

The Class A preferred shares are convertible to common shares, at the option of the holder, at a fixed conversion rate of one to one. The Class B preferred shares are redeemable at the option of the Company on 21 days' notice for an amount of $1,000 per share.

The Class C preferred shares may include one or more series of shares. The board of directors may, by resolution, if none of the shares of any particular series are issued, alter the Articles of the Company and authorize the alteration of the Notice of Articles of the Company to do one or more of the following:

(expressed in Canadian dollars except where noted)

12. Share Capital (continued)

- Determine the maximum number of shares of that series that the Company is authorized to issue, determine that there is no such maximum number, or alter any such determination;
- Create an identifying name by which the shares of that series may be identified, or alter any such identifying name; and
- Attach special rights and restrictions to the shares of that series, or alter any such special rights or restrictions.

(b) Issued Share Capital

During the period ended May 31, 2026, 920,000 options were exercised between $0.13 and $0.87 per share for gross proceeds of $229,938. The options exercised had a fair value of $166,220, which has been reclassified from Reserves to Share Capital.

During the period ended May 31, 2026, 37,500 options were expired $0.87 per share for gross proceeds of $32,625. The options exercised had a fair value of $21,116, which has been reclassified from Reserves to Share Capital.

On November 13, 2025, the Company closed a bought-deal brokered financing, issuing 6,427,476 common shares at a price of $2.10, generating gross proceeds of $13,497,700.

During the year ended August 31, 2025, 667,500 options were exercised between $0.12 and $0.41 per share for gross proceeds of $128,663. The options exercised had a fair value of $91,922, which has been reclassified from Reserves to Share Capital.

On July 23, 2025, the Company closed a bought-deal brokered financing, issuing 9,585,250 common shares at a price of $1.20, generating gross proceeds of $11,502,300.

13. Share-Based Payments

The Company adopted a stock option plan (the "Plan") whereby it can grant stock options to directors, officers, employees, and consultants of the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Company at any time. The maximum term of these options will be ten years and they typically vest over no more than five years.

The changes in stock options during the period ended May 31, 2026 were as follows:

	Weighted average exercise price	Number of Options
Balance – August 31, 2024	$0.28	6,021,250
Options expired	$0.31	(600,000)
Options exercised	$0.13	(667,500)
Balance – August 31, 2025	$0.29	4,753,750
Options issued	$2.53	100,000
Options exercised	$0.36	(920,000)
Options expired	$0.87	(37,500)
Balance – May 31, 2026	$0.34	3,896,250

During the period ended May 31, 2026, the Company recorded total share-based payments of $270,389 (2025 – $39,479) which has been charged to general and administrative expenses for the period.

(expressed in Canadian dollars except where noted)

13. Share-Based Payments (continued)

Incentive share options outstanding and exercisable at May 31, 2026 are summarized as follows:

Exercise Price	Expiry date	Options Outstanding	Remaining life (Years)	Options Exercisable
$0.105	November 14, 2028	200,000	2.46	200,000
$0.12	November 28, 2027	950,000	1.50	950,000
$0.195	July 27, 2026	351,250	0.16	351,250
$0.385	February 2, 2027	360,000	0.68	360,000
$0.40	June 1, 2027	100,000	1.00	-
$0.41	May 8, 2028	1,835,000	1.94	575,000
$2.53	November 4, 2030	100,000	4.43	100,000
		3,896,250	1.62	2,676,250

14. Operating Expenses

(a) General and Administrative Expenses by Nature

The Company recorded general and administrative expenses for the following periods:

	Three Months Ended		Nine Months Ended	
	May 31, 2026	May 31, 2025	May 31, 2026	May 31, 2025
General & administrative expenses				
Accounting and legal	$ 2,614	$ 124,941	$ 185,159	$ 307,267
Bad debt	3,509	-	4,091	5
Depreciation (note 8)	133,555	136,755	410,123	357,197
Interest charges on loans	98,672	76,612	133,695	157,007
Investor relations	69,209	47,997	198,236	134,569
Office	696,188	436,007	1,881,525	1,271,879
Regulatory	-	2,119	39,314	27,055
Rent	69,965	71,186	229,223	202,405
Salaries and benefits (note 5)	664,809	502,718	2,035,287	1,469,775
Share-based payments (notes 17)	50,680	-	270,389	39,479
	$ 1,789,201	$ 1,437,813	$ 5,387,042	$ 3,966,634

(b) Selling and Marketing Expenses by Nature

	Three Months Ended		Nine Months Ended	
	May 31, 2026	May 31, 2025	May 31, 2026	May 31, 2025
Selling and marketing expenses				
Advertising and promotion	$ 341,048	$ 391,711	$ 923,093	$ 927,505
Salaries and benefits	1,410,474	1,031,074	3,646,511	3,074,222
	$ 1,751,522	$ 1,422,785	$ 4,569,604	$ 4,001,726

(expressed in Canadian dollars except where noted)

14. Operating Expenses (continued)

(c) Research and Development Expenses by Nature

	Three Months Ended		Nine Months Ended	
	May 31, 2026	**May 31, 2025**	**May 31, 2026**	**May 31, 2025**
Research & development expenses				
Research and development materials	$ 11,393	$ 69,296	$ 103,007	$ 320,002
Research and development salaries and benefits	1,031,458	802,295	2,986,876	2,203,315
	$ 1,042,851	$ 871,591	$ 3,089,883	$ 2,523,317

15. Income Tax

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

	For the nine months ended May 31, 2026	**For the year ended August 31, 2025**
Earnings (loss) for the period before income taxes	$ 871,785	$ (3,748,790)
Combined income tax rates	28%	28%
(Decrease) increase attributable to:		
Expected income tax expense (recovery)	$ 249,000	$ (1,015,000)
Change in statutory, foreign tax, foreign exchange rates and other	(116,000)	209,000
Permanent difference	111,000	9,000
Share issuance costs	-	(245,000)
Adjustment to prior years provision versus statutory tax return	-	361,000
	$ 244,000	$ (681,000)
Current income tax expense	$ 578,000	$ 361,000
Deferred income tax expense (recovery)	(334,000)	(1,042,000)
Provision for (recovery of) income taxes	$ 244,000	$ (681,000)

The significant components of the Company's deferred tax assets and liabilities are as follows:

	May 31, 2026	**August 31, 2025**
Property, plant and equipment	$ 74,000	$ 50,000
Share issuance costs	-	196,000
Intangible assets	(10,000)	(37,000)
Warranty liability	9,000	13,000
Non-capital losses	1,546,000	987,000
ROU asset	(120,000)	(188,000)
Lease liability	68,000	212,000
Net deferred tax asset	$ 1,567,000	$ 1,233,000

During the period ended May 31, 2026 and August 31, 2025, the Company has recognized the deferred tax assets on these financial statements as it is probable that they will be realized given the expectation of future profitability for the Company.

(expressed in Canadian dollars except where noted)

15. Income Tax (continued)

The significant components of the Company's temporary differences and unused tax losses are as follows:

	May 31, 2026	Expiry Date Range	August 31, 2025
Property, plant and equipment	$ 272,000	No expiry	$ 181,000
ROU assets	(435,000)	No expiry	664,000
Intangible assets	(36,000)	No expiry	129,000
Warranty liability	35,000	No expiry	46,000
Lease liability	244,000	No expiry	749,000
Share issuance costs	-	No expiry	725,000
Non-capital losses carry forward	4,900,000	2033 - 2045	3,660,000
Canada	5,038,000	2033 - 2045	3,660,000
USA	(138,000)	2038 - 2040	-

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

16. Financial Instruments

Financial Assets and Liabilities

Information regarding the Company's financial assets and liabilities as at May 31, 2026 and August 31, 2025 is summarized as follows:

	May 31, 2026	August 31, 2025
Financial Assets		
Fair value through profit and loss, at fair value		
Cash	$ 7,205,767	$ 14,769,751
Loans and receivable, at amortized cost		
Trade receivables and other receivables (note 5)	14,539,150	7,960,133
Total Financial Assets	$ 21,744,917	$ 22,729,884
Financial Liabilities		
Liabilities, at amortized cost		
Trade payables (note 10)	$ 2,248,230	$ 7,799,124
Bonus payable (note 19)	-	197,906
Lease obligation - current (note 11)	312,486	337,426
Lease obligation – long term (note 11)	190,297	411,778
Salaries and benefits payable (note 10)	1,269,535	1,624,322
Total Financial Liabilities	**$ 4,020,548**	**$ 10,370,556**

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of its financial assets and financial liabilities, with a short-term maturity and demand nature, and recognized at amortized cost in the financial statements approximates their fair value of these instruments.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.

(expressed in Canadian dollars except where noted)

16. Financial Instruments (continued)

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly. As at May 31, 2026, the Company used level 2 inputs to determine the fair value of the finance lease obligation.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data. As at May 31, 2026, the Company does not have any Level 3 financial instruments.

The fair value of cash is based on level 1 inputs.

Financial Instrument Risk Exposure

The Company's activities expose it to a variety of financial risks: market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk. These risks arise from the normal course of operations and all transactions are undertaken to support the Company's ability to continue. Risk management is carried out by management under policies approved by the Board of Directors. Management identifies and evaluates the financial risks in co-operation with the Company's operating units. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance, in the context of its general capital management objectives (note 17).

a) 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 in its cash accounts and accounts receivable. This risk related to cash is managed through the use of a major financial institution which has high credit quality as determined by the rating agencies. Accounts receivable mainly consists of receivables from its customers. In order to reduce its credit risk, the Company has adopted credit policies which include the analysis of the financial position of its customers and the regular review of their credit limits. In some cases, the Company requires bank letters of credit or subscribes to credit insurance.

At May 31, 2026, 29% of the Company's trade accounts receivable balance is over 90 days past due (August 31, 2025 – 8%). The carrying amount of trade and other receivables as at May 31, 2026 was $14,343,720 (August 31, 2025 - $7,960,133). The Company insures its non-government accounts receivables.

b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements.

The Company's ongoing liquidity is impacted by various external events and conditions. The Company expects to repay its financial liabilities in the normal course of operations and to fund future operational and capital requirements through operating cash flows, as well as future equity and debt financing.

The Company coordinates this planning and budgeting process with its financing activities through its capital management process (note 17). The Company's financial liabilities are comprised of its trade payables, bonus payable, finance lease obligation, and salaries and benefits payable, the contractual maturities of which at May 31, 2026 and August 31, 2025 are summarized as follows:

	May 31, 2026	August 31, 2025
Payables with contractual maturities:		
Within 90 days or less	$ 3,399,920	$ 2,703,491
In later than 90 days, not later than one year	792,775	9,058,571
	$ 4,192,695	$ 11,762,062

16. Financial Instruments (continued)

c) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings in financial instruments.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rate. The Company has no significant exposure at May 31, 2026 to interest rate risk through its financial instruments.

Commodity Price Risk

Commodity price risk is the risk due to which business financial performance is adversely affected by fluctuations in the prices of commodities. The Company has no significant exposure at May 31, 2026 to commodity price risk through its financial instruments.

Currency Risk

Currency risk is the risk that the Company will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities.

The Company's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows. The Company monitors and forecasts the values of net foreign currency cash flow and statement of financial position exposures and from time to time could authorize the use of derivative financial instruments such as forward foreign exchange contracts to economically hedge a portion of foreign currency fluctuations.

The following is an analysis of Canadian dollar equivalent of financial assets and liabilities that are denominated in United States dollars as of May 31, 2026 and August 31, 2025:

	May 31, 2026	**August 31, 2025**
Cash	$654,626	$ 7,172,094
Trade and other receivables	12,697,714	11,338,249
Trade and other payables	(1,078,297)	(7,848,386)
Lease obligations	(370,852)	(497,306)
	$11,903,191	$ 10,164,651

Based on the above net exposure at May 31, 2026, a 10% depreciation or appreciation of the United States dollar against the Canadian dollar would result in an approximately $1,190,319 decrease or increase respectively in both net and comprehensive income (August 31, 2025 – $1,016,465). The Company has not employed any currency hedging as at May 31, 2026.

17. Management of Capital

The capital managed by the Company includes a Line of Credit (note 9) and the components of shareholders' equity as described in the consolidated statements of changes in shareholders' equity. During the period ended May 31, 2026, the Company was in compliance with any required financial covenants. The Company's objectives of capital management are to create long-term value and economic returns for its shareholders. It does this by seeking to maximize the availability of finance to fund the growth and development of its operations, and to support the working capital required to maintain its ability to continue as a going concern. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its assets, seeking to limit shareholder dilution and optimize its cost of capital while maintaining an acceptable level of risk. To maintain or adjust its capital structure, the Company considers all sources of finance reasonably available to it, including but not limited to issuance of new capital, issuance of new debt and the sale of assets in whole or in part. The Company's overall strategy with respect to management of capital at May 31, 2026 remains fundamentally unchanged from the year ended August 31, 2025.

18. Segmented Information

The Company operates in one segment in which it develops, manufactures, markets and sells high resolution mobile surveillance camera systems, which information is evaluated regularly by the Company's President and Chief Executive Officer, being the chief operating decision maker. Revenue is earned in two main regions, being Canada and United States. The following is a breakdown of revenue by geographic areas based on the customers' location:

(expressed in Canadian dollars)	For the period ended May 31, 2026			For the period ended May 31, 2025		
	Canada	**USA**	**Combined**	**Canada**	**USA**	**Combined**
Revenues	$ 4,116,943	$ 24,707,810	$28,824,753	$ 1,840,695	$ 18,830,694	$ 20,671,388
Cost of Sales	1,978,708	13,079,018	15,057,726	1,003,461	10,542,833	11,546,293
Gross Profit	2,138,235	11,628,792	13,767,027	837,234	8,287,861	9,125,095
Operating Expenses						
Interest expense (note 14a)	105,344	28,349	133,693	121,079	35,926	157,005
Depreciation expense (note 14a)	183,830	226,293	410,123	134,921	222,276	357,197
Other General & administrative (note 14a)	3,298,405	1,544,821	4,843,226	2,648,174	804,259	3,452,433
Selling and marketing (note 14b)	2,241,532	2,328,072	4,569,604	2,648,174	1,612,292	4,001,726
Research and development (note 14c)	3,073,389	16,494	3,089,883	2,435,518	87,899	2,523,317
	8,902,500	4,144,029	13,046,529	7,987,866	2,762,552	10,491,678
	$ (6,764,265)	$ 7,484,763	$ 720,498	$ (87,150,632)	$ 5,525,309	$ (1,366,582)
Other Income (Expenses)						
Interest	94,509	-	94,509	42,570	-	42,570
Foreign exchange	56,779	-	56,779	381,522	-	381,522
Income tax	(180,104)	-	(180,104)	-	-	-
Finance costs	-	-	-	-	(10,189)	(10,189)
Tax recovery	334,000	-	334,000	310,000	-	310,000
Write-down of Inventory	(1)	-	(1)	(1)	-	(1)
Net income (loss) before Income Taxes	$ (6,459,082)	$ 7,484,763	$ 1,025,681	(6,416,540)	5,515,120	(642,681)
Current tax (expense) recovery	-	-	-	(276,563)	-	(276,563)
Net Income (Loss)	$ (6,459,082)	$ 7,484,763	$ 1,025,681	(6,693,104)	5,515,120	(919,243)
Other Comprehensive Income						
Foreign currency translation differences	-	413,016	413,016	-	117,828	117,828
Net comprehensive income (loss)	$ (6,459,082)	$ 7,897,779	$ 1,438,697	$ (6,434,363)	$ 5,632,948	$ (801,415)

Current Assets	$ 37,618,022	$ 3,760,604	$ 41,378,626	$ 14,754,344	$ 2,958,056	$ 17,712,400
Property, plant and equipment (note 8)	507,544	743,961	1,251,505	658,267	1,010,760	1,669,026
Goodwill	-	158,053	158,053	-	157,151	157,151

(expressed in Canadian dollars except where noted)

19. Related Party Transactions

The Company's related parties include its subsidiaries, key management personnel and companies related by way of directors or shareholders in common. Transactions with related parties for goods and services are made on normal commercial terms and are considered to be at arm's length.

a) Key Management Personnel Compensation

	Three Months Ended **May 31, 2026**	Three Months Ended **May 31, 2025**	Nine Months Ended **May 31, 2026**	Nine Months Ended **May 31, 2025**
Salaries and short-term benefits	$ 291,412	$ 374,774	$ 813,014	$ 1,050,600
Share-based payment	-	-	-	-
	$ 291,412	$ 374,774	$ 813,014	$ 1,050,600

Key management includes the Company's Board of Directors and members of senior management.

b) Trade Related Party Transactions

The amounts due to related parties as at May 31, 2026 and August 31, 2025 are as follows:

	May 31, 2026	**August 31, 2025**
Chief Executive Officer	$ -	$ 206,560
Directors	-	10,455
Vice Presidents	12,734	26,547
	$ 12,734	$ 243,563

Amounts due from and to related parties have been included in trade and other receivables and trade and other payables, respectively (notes 5 and 10), unless otherwise noted below.

c) Other Related Party Transactions

During the year ended August 31, 2025, a discretionary bonus of $300,000 (August 31, 2024 - $150,000) was recognized for the Chief Executive Officer, and is included in accounts payable. During the year ended August 31, 2025, and pursuant to an amended employment agreement with the Chief Executive Officer, a payment obligation of 1,600,000 was recognized for the Chief Executive Officer. As at May 31, 2026, $Nil remains payable as a bonus to the CEO.

On January 4, 2023, a shareholder loan receivable was incurred for a total $1,120,000. The loan bears interest at 4% per annum for a term of 36 months. As at May 31, 2026, the outstanding loan balance was $Nil (August 31, 2025 - $Nil). For the year ended August 31, 2025, total repayments of $685,594 (August 31, 2024 - $520,800) and accumulated interest of $26,838 (August 31, 2024 - $30,510) were incurred.

(expressed in Canadian dollars except where noted)

20. Commitments and Contingencies

As of May 31, 2026, the Company's contractual obligations and contingencies are as follows:

The Company derives its revenue from the sale of products in various tax jurisdictions, which are subject to various Canadian and foreign federal and provincial laws and regulations governing taxes. These laws and regulations are continually changing. The Company believes its operations are materially in compliance with all applicable laws and regulations. There is no guarantee that the Company's chosen tax position will not be challenged by tax authorities in these jurisdictions which could result in additional taxes, related non-income tax amounts, interest and penalties payable (note 15).

The Company regularly assesses its income tax and related non income tax amounts and obligations and the related filing obligations in the United States and Canada. It is management's position that adequate provisions have been made in the financial statements related to such obligations. However, there exists uncertainty due to the fact that the Company could be assessed differently by tax and/or other regulatory authorities in a manner that is not consistent with management's expectation. This situation would result in management being required to adjust its provision for income taxes and related non income tax amounts in the period that such a situation occurs and such adjustments could be material (note 15).

21. Supplemental Cash Flow Information

	May 31, 2026	August 31, 2025
Cash paid during the period for:		
Interest payments	$ -	$ 137,370
Income tax	-	360,933
Non-cash investing and financing transactions:		
Initial recognition of right of use asset	$ 2,280	$ 60,137
Property, plant, and equipment in accounts payable	-	-
Stock options exercised	166,220	91,924
Settlement of bonus payable with loan receivable	-	685,593

22. Subsequent Event

Subsequent to the period ended May 31, 2026, an aggregate of 385,00 stock options were exercised between $0.195 and $0.40, generating gross proceeds of $95,575.