Railtown AI Technologies Inc.

Condensed Interim Financial Statements

Six months ended March 31, 2026 and 2025

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the 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 interim consolidated financial statements have been prepared by and are the responsibility of the management. In the opinion of management, the unaudited condensed interim financial statements have been prepared within acceptable limits of materiality and in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34"), consistent with International Financial Reporting Standards ("IFRS") appropriate in the circumstances

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

RAILTOWN AI TECHNOLOGIES INC.
Condensed Interim Statements of Financial Position
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	March 31, 2026	September 30, 2025
Assets		
Current assets		
Cash	$ 4,373,236	$ 752,474
Receivables	291,746	151,291
Prepaid expenses (Note 4)	61,967	242,909
	4,726,949	1,146,674
Equipment	14,979	16,139
Right of use asset (Note 6)	40,560	57,943
Goodwill (Note 3)	22,599,623	-
	$ 27,382,111	$ 1,220,756
Liabilities and Shareholders' Equity		
Current liabilities		
Trade payables and accrued liabilities (Note 5)	$ 236,276	$ 208,711
Lease liability current portion (Note 6)	45,017	41,712
Derivative liability (Note 9)	-	1,308,049
	281,293	1,558,472
Lease liability (Note 6)	8,114	31,436
	289,407	1,589,908
Shareholders' equity		
Share capital (Note 8)	45,270,185	16,842,101
Contribution surplus (Note 8)	2,508,180	2,281,691
Deficit	(20,685,661)	(19,492,944)
	27,092,704	(369,152)
	$ 27,382,111	$ 1,220,756

Nature of Operations *(Note 1)*
Subsequent event *(Note 12)*

Approved on behalf of the Board on May 30, 2026

"Cory Brandolini"
Director

"Paul Woodward"
Director

See accompanying notes to the condensed interim financial statements.

RAILTOWN AI TECHNOLOGIES INC.
Condensed Interim Statements of Comprehensive Income (Loss)
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Three months ended March 31, 2026	Three months ended March 31, 2025	Six months ended March 31, 2026	Six months ended March 31, 2025
Expenses				
Consulting fees	$ 169,339	$ 84,655	$ 467,294	$ 196,563
Depreciation (Note 6)	11,069	9,514	21,542	21,827
Filing fees	37,488	15,702	91,421	47,427
Interest on lease (Note 6)	1,948	3,171	4,219	6,618
Investor relations	145,868	109,125	202,173	201,188
Marketing and promotion	13,246	1,313	32,621	394,070
Office	56,338	46,871	114,313	99,546
Product development	8,933	29,118	33,023	47,855
Professional fees	246,556	38,798	332,132	52,474
Salaries and benefits (Note 7)	725,449	395,859	1,178,215	763,579
Share-based compensation (Notes 8)	17,577	70,891	66,589	973,490
Travel	4,103	6,078	18,748	20,641
	(1,437,914)	(811,095)	(2,562,290)	(2,825,278)
Foreign exchange gain (loss)	20,159	49,674	61,524	(19,024)
Gain on change in fair value of warrants (Note 9)	1,481	455,032	1,308,049	457,745
Net and comprehensive loss for the period	$(1,416,274)	$ (306,389)	$(1,192,717)	$(2,386,557)
Weighted average number of common shares outstanding – basic and diluted	202,148,456	139,050,531	182,285,325	136,206,899
Basic and diluted loss per common shares	$ (0.01)	$ (0.00)	$ (0.01)	$ (0.02)

See accompanying notes to the condensed interim financial statements.

RAILTOWN AI TECHNOLOGIES INC.
Condensed Interim Statements of Cash Flows
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
Six months ended March 31,

	2026	2025
Operating activities:		
Net income (loss) for the period	$ (1,192,717)	$ (2,386,557)
Items not involving cash:		
Depreciation	21,542	21,827
Interest on lease liability	4,219	3,447
Gain on FV of warrants	(1,308,049)	(457,745)
Share-based compensation	66,589	973,490
Changes in non-cash working capital items:		
Receivables	(65,855)	(18,443)
Prepaid expense	180,942	240,006
Trade payables and accrued liabilities	27,565	(110,409)
Net cash used in operating activities	(2,265,764)	(1,734,384)
Investing activities:		
Cash from business acquisition	84,852	-
Purchase of equipment	(2,999)	-
Net cash used in investing activities	81,853	-
Financing activities:		
Proceeds from private placements	3,400,000	2,100,000
Unit issuance costs – cash	(160,000)	(156,615)
Proceeds from exercise of warrants	2,463,909	111,329
Proceeds from exercise of stock options	125,000	-
Lease payments	(24,236)	(20,561)
Net cash provided by (used in) financing activities	5,804,673	2,034,153
Change in cash	3,620,762	299,769
Cash, beginning of the period	752,474	1,668,521
Cash, end of the period	$ 4,373,236	$ 1,968,290

Supplemental cash flow information
Non-cash investing and financing activities

Broker warrant issued for share issuance cost	$ 159,900	$ 216,400

See accompanying notes to the condensed interim financial statements.

RAILTOWN AI TECHNOLOGIES INC.
Condensed Interim Statement of Changes in Shareholders' Equity
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Share Capital					
	Shares	Amount	Equity portion of convertible debenture	Contribution Surplus	Deficit	Total
Balance, September 30, 2024	131,727,647	13,371,624	$ -	$ 1,262,681	$(14,114,390)	$ 519,915
Private placements	7,000,000	2,100,000	-	-	-	2,100,000
Unit issuance costs – cash	-	(156,615)	-	-	-	(156,615)
Unit issuance costs – warrants	-	(196,800)	-	196,800	-	-
Exercise of warrants	477,139	111,329	-	-	-	111,329
Share-based compensation	-	-	-	973,490	-	973,490
Net and comprehensive loss	-	-	-	-	(2,386,557)	(2,386,557)
Balance, March 31, 2025	139,204,786	$15,229,538	$ -	$ 2,432,971	$(16,500,947)	$ 1,161,562
Private placements	1,200,000	600,000	-	-	-	600,000
Unit issuance costs – warrants	-	93,100	-	(93,100)	-	-
Exercise of warrants	2,741,997	919,463	-	(98,859)	-	820,604
Share-based compensation	-	-	-	40,679	-	40,679
Net and comprehensive loss	-	-	-	-	(2,991,997)	(2,991,997)
Balance, September 30, 2025	143,146,783	$16,842,101	$ -	$ 2,281,691	$(19,492,944)	$ (369,152)
Shares issued on the acquisition of AIP	49,476,251	22,759,075	-	-	-	22,759,075
Private placements	11,333,334	3,400,000	-	-	-	3,400,000
Unit issuance costs – cash	-	(160,000)	-	-	-	(160,000)
Unit issuance costs – warrants	-	(159,900)	-	159,900	-	-
Exercise of warrants	9,075,214	2,463,909	-	-	-	2,463,909
Exercise of options	500,000	125,000	-	-	-	125,000
Share-based compensation	-	-	-	66,589	-	66,589
Net and comprehensive income	-	-	-	-	(1,192,717)	(1,192,717)
Balance, March 31, 2026	213,531,582	$45,270,185	$ -	$ 2,508,180	$(20,685,661)	$ 27,092,704

See accompanying notes to the condensed interim financial statements.

1. Nature of operations

Railtown AI Technologies Inc. (the "Company" or "Railtown") was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (British Columbia) on May 11, 2011.

The head office of the Company is located at Suite 490 – 580 Hornby Street, Vancouver, British Columbia, V6C 2E7. The registered office of the Company is located at 3148 Highland Boulevard, North Vancouver, British Columbia, V7R 2X6.

These condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at March 31, 2026, the Company is not able to finance day to day activities through operations and incurs losses. The Company is in the business of research and development that by its nature involves a high degree of risk. There can be no assurance that the Company's business and strategy will enable it to become profitable or sustain profitability in future periods. The Company's information technology systems are subject to disruption, damage or failure from a number of sources. This may result in a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects. Additionally, the Company estimates that it will need additional capital to operate for the upcoming year. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern. Management intends to finance operating costs with loans from directors and companies controlled by directors and or private placement of common shares. These condensed interim financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events and potential economic global challenges such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

2. Significant accounting policies and basis of presentation

Statement of compliance

These unaudited condensed interim financial statements, including comparatives have been prepared using accounting policies consistent with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standards ('IAS") 34, Interim Financial Reporting.

The policies applied in the condensed interim financial statements are presented below and are based on IFRS' issued and outstanding as of May 30, 2026; the date the Board of Directors approved the condensed interim financial statements. Any subsequent changes to IFRS that are given effect in our annual financial statements for the year ending September 30, 2025 could result in restatements of these condensed interim financial statements. None of these standards are expected to have a significant effect on the condensed interim financial statements.

Basis of preparation

The condensed interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The financial statements are presented in Canadian dollars unless otherwise noted.

2. Significant accounting policies and basis of presentation (continued)

Significant estimates and assumptions

The preparation of the condensed interim financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. The most significant estimate is the discount rate used to determine the Company's convertible debenture fair value on initial recognition.

Significant judgments

The preparation of the condensed interim financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

Equipment

Equipment are recorded at cost and depreciated using the straight line method at the following rates per annum.

Computer	3 years
Equipment	5 years

Equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, are regularly identified and written off. The assets' residual values, deprecation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent expenditures relating to an item of equipment are capitalized when it is probable that future economic benefits from the use the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. For the period ended March 31, 2026, 5,275,000 (2025 – 7,175,000) stock options and 15,079,846 (2025 – 26,176,581) warrants were not included in the calculation of diluted loss per shares because their inclusion was anti-dilutive.

2. Significant accounting policies and basis of presentation (continued)

Financial instruments

Financial assets and financial liabilities are recognized on the statements of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading 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. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are recognized in the profit and loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

Debt investments at FVOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI
These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

2. Significant accounting policies and basis of presentation (continued)

Financial instruments (continued)

Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

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

Asset or liability	Category	Measurement
Cash	FVTPL	Fair value
Trade payable and accrued liabilities	Other financial liabilities	Amortized cost
Convertible debenture	Other financial liabilities	Amortized cost

The Company determines the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument. There were no transfers between levels of the fair value hierarchy during the year.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Cash has been measured at fair value using Level 1 inputs.

Valuation of equity units issued in private placements

The Company records proceeds from issuances of equity net of issue costs and any related tax effects. The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first attributes value to the shares based on their quoted trading price at issuance, and the residual amount, if any, is attributed to the value of the warrants. Any fair value attributed to the warrants is recorded within the warrant reserve.

2. Significant accounting policies and basis of presentation (continued)

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant are measured using the Black-Scholes option pricing model and charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid. If the options expire unexercised, the share-based payments remain in share-based payment reserve.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Leases

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

The Company, as lessee, is required to recognize a right-of-use asset ("ROU asset"), representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments.

The Company may elect to not apply IFRS 16 to leases with a term of less than 12 months or to low value assets, which is made on an asset by asset basis.

2. Significant accounting policies and basis of presentation (continued)

Leases (continued)

The Company recognizes a ROU asset and a lease liability at the commencement of the lease. The ROU asset is initially measured based on the present value of lease payments, plus initial direct cost, less any incentives received. It is subsequently measured at cost less accumulated amortization, impairment losses and adjusted for certain remeasurements of the lease liability. The ROU asset is amortized from the commencement date over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. The incremental borrowing rate is the rate which the operation would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Variable lease payments that do not depend on an index or a rate not included in the initial measurement of the ROU asset and lease liability are recognized as an expense in profit or loss the in the period in which they are incurred.

Income taxes

Current income tax:
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:
Deferred income tax is recognized on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2. Significant accounting policies and basis of presentation (continued)

Income taxes (continued)

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Tax credits
Refundable tax credits are recognized as other income in profit or loss when received due to the uncertainty of the collection.

Convertible debentures

The host debt liability, equity conversion feature and other (when applicable) components of convertible debentures are presented separately on the consolidated statements of financial position at initial recognition. The Company determines the carrying amount of the financial liability by discounting the stream of future payments at the prevailing market rate for a similar liability of comparable credit status and providing substantially the same cash flows. The liability component is then increased by accretion of the discounted amounts to reach the face value of the convertible debentures at maturity which is recorded in profit or loss as accretion and interest expense.

The carrying amount of other components (when applicable), such as warrants, is determined using the Black-Scholes option pricing model. The carrying amount of the equity component is calculated by deducting the carrying amount of the financial liability and the carrying amounts of any other components (when applicable) from the amount of the convertible debentures, and is presented in equity as an equity component of convertible debentures.

The transaction costs are allocated between liability, equity and other (when applicable) components, on a pro-rata basis according to their carrying amounts.

Adoption of new accounting standards, interpretations and amendments

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be significant.

3. Acquisition of AIP

On November 26, 2025 the “Effective Date”), the Company issued 49,476,251 common shares (the “Consideration Shares”) at a fair value of 22,759,075 pursuant to an Amalgamation Agreement with AI Partnerships Corp. (“AIP”) to acquire all the outstanding share of AIP. These common shares are subject to certain escrow and contractual obligations on the following basis:

i) Approximately 10 million common shares (the “Escrow Shares”) are placed in escrow upon closing on the following basis:

   a. Approximately 1 million Escrow Shares (the “Indemnity Shares”) will be subject to cancellation for no consideration in the event Railtown makes an indemnification claim prior to the date that is 12 months from the Effective Date, with one common share being cancelled for every $0.50 of the Company’s claim; and

(Expressed in Canadian Dollars)

3. **Acquisition of AIP** (continued)

b. 50% of the Escrow Shares (including any Indemnity Shares that were not cancelled) will be eligible for release from escrow upon the Company recording annual recurring revenue from AIP Affiliates equal to or greater than $1 million from the Effective Date to the date that is 36 months from the Effective Date (the "First Milestone") and the remaining 50% of the Escrow Shares will be eligible for release from escrow upon Railtown recording annual recurring revenue from AIP Affiliates equal to or greater than $2,000,000 (the "Second Milestone") from the Effective Date to the date that is 36 months from the Effective Date. If the First Milestone and/or Second Milestone are not met by the date that is 36 months from the Effective Date, the Escrow Shares that were to be released upon satisfaction of such milestone will be cancelled for no consideration.

c. All other Consideration Shares received by the Key AIP Shareholders (the "Key Shareholder Shares") are placed into escrow on the Effective Date and released in equal quarterly instalments during the 36 months following the Effective Date; and

d. All other Consideration Shares are subject to a contractual restriction on transfer pursuant to the Amalgamation Agreement with 10% of such shares being released from any restriction on transfer as of the Effective Date and the remainder being released in six equal instalments of 15% on a quarterly basis until the date that is 18 months from the Effective Date.

The acquisition was accounted for under IFRS 3 – Business Combinations and not as an asset acquisition. The consideration paid and the allocation of the consideration to the fair value of the assets acquired and liabilities assumed in the acquisition on November 26, 2025 are as follows:

Purchase Consideration:		
Share capital	$	22,759,075
		22,759,075
Net assets acquired		
Cash		84,852
Non-trade receivables		74,600
Fair Value of net assets		159,452
Goodwill	$	22,599,623

Goodwill is attributed to AIP's partnerships and world-wide affiliate network of AI-as-a-Service based companies.

4. **Prepaid expenses**

		March 31, 2026		September 30, 2025
Rental deposits	$	9,497	$	9,497
Insurance and other		52,470		46,238
Investor relations		-		77,174
Consulting		-		110,000
Prepaid expenses	$	61,967	$	242,909

(Expressed in Canadian Dollars)

5. Trade payables and accrued liabilities

		March 31, 2026		September 30, 2025
Trade payables	$	69,619	$	35,581
Accrued liabilities		166,657		173,130
Trade payables and accrued liabilities	$	236,276	$	208,711

6. Right-of-use asset

On June 1, 2022, the Company entered into a 5-year office lease agreement. In analysing the identified agreement, the Company applied the lease accounting model pursuant to IFRS 16 and considered all the facts and circumstances surrounding the inception of the agreement. The lease term matures on May 31, 2027.

The right of use asset is depreciated on a straight-line basis over the term of the lease.

The continuity of the ROU asset for the period ended March 31, 2026 and year ended September 30, 2025 is as follows:

Right of use asset, September 30, 2024	$	92,708
Amortization of ROU asset		(34,765)
Right of use asset, September 30, 2025	$	57,943
Amortization of ROU asset		(17,383)
Right of use asset, March 31, 2026	$	40,560

The continuity of lease liabilities for the period ended March 31, 2026 and year ended September 30, 2024 is as follows:

Lease liability, September 30, 2024	$	108,860
Interest expense		12,088
Lease payments		(47,800)
Lease liability, September 30, 2025	$	73,148
Interest expense		4,219
Lease payments		(24,236)
Lease liabilities, March 31, 2026	$	53,131
Current lease liability	$	45,017
Long-term lease liability		8,114
Total lease liabilities at March 31, 2026	$	53,131

7. Related party transactions and Key management compensation

During the six months ended March 31, 2026, the Company paid or accrued:

i) salaries of $255,850 (2025 - $217,500) paid or accrued to directors and officers of the Company
ii) bonuses of $225,000 (2025 - $nil) paid or accrued to directors and officers of the Company and
iii) consulting fees of $nil (2025 - $20,000) to a company with common directors of the Company.

As at March 31, 2026, trade payables and accrued liabilities include $nil (2025 – $93) owing to related parties. The amount due to related parties is unsecured, non-interest bearing and has no specific terms of repayment. Related party transactions are conducted in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

8. Share capital

Authorized

Unlimited number of common shares without par value.

Shares issued

During the period ended March 31, 2026, the Company issued:

i) Issued 49,476,251 common shares (the “Consideration Shares”) on November 26, 2025 (the “Effective Date”), pursuant to an Amalgamation Agreement with AI Partnerships Corp. (“AIP”) to acquire all the outstanding share of AIP.

ii) Issued 11,333,334 units at a price of $0.30 per unit for gross proceeds of $3,400,000. Each unit is comprised of one common share and one-half share purchase warrant. Each warrant will entitle the holder to purchase one common share at a price of $0.45, expiring on or before a 18-month period after the closing date.

In connection with the financing, the Company paid cash of $160,000 and granted 533,333 brokers’ warrants valued at $159,900. Each brokers’ warrant will entitle the holder to purchase one common shares at a price of $0.30, expiring on or before a 18-month period after the closing date.

iii) issued 9,075,214 common shares pursuant to the exercise of warrants and 500,000 common shares pursuant to exercise of stock options.

During the year ended September 30, 2025, the Company:

i) issued 7,000,000 units at a price of $0.30 per unit for gross proceeds of $2,100,000. Each unit is comprised of one common share and one-half share purchase warrant. Each warrant will entitle the holder to purchase one common share at a price of $0.60, expiring on or before a 24-month period after the closing date.

In connection with the financing, the Company paid cash of $156,616 and granted 545,602 brokers’ warrants valued at $103,700. Each brokers’ warrant will entitle the holder to purchase one common shares at a price of $0.30, expiring on or before a 24-month period after the closing date.

(Expressed in Canadian Dollars)

8. Share capital (continued)

ii) issued 1,200,000 units at a price of $0.50 per unit for gross proceeds of $600,000. Each unit is comprised of one common share and one-half share purchase warrant. Each warrant will entitle the holder to purchase one common share at a price of $0.75, expiring on or before a 18-month period after the closing date.

iii) issued 3,219,136 common shares pursuant to the exercise of warrants. The Company received cash proceeds of $896,459 and transferred fair value of $98,859 from contributed surplus and fair value of $35,474 from derivative liability to share capital upon exercise.

Stock options

The Company adopted a stock option plan to grant options to individuals exercisable up to 10 years from the date of grant to purchase shares at the market price, less applicable discount, if any. Such grants not to exceed an aggregate of 10% of the issued and outstanding shares and vesting periods will be determined by the Board of Directors.

During the period ended March 31, 2026, the Company did not grant any stock options

During the year ended September 30, 2025, the Company granted 2,800,000 stock options at a price of $0.50 per share, expiring on November 22, 2029. The stock options are valued at $1,098,300. The options vest as follows:

i) 1,950,000 options vest immediately.

ii) 850,000 options vest as follows:
   a. 405,000 options vest on November 22, 2025;
   b. 405,000 options vest on November 22, 2026; and
   c. 40,000 options vest on November 22, 2027.

During the six months ended March 31, 2026, the Company recognized share-based compensation of $66,589 (2025 - $973,490).

Details of stock option activities for the period ended March 31, 2026 and year ended September 30, 2025:

Stock options outstanding	**Period ended March 31, 2026**		**Year ended September 30, 2025**	
	Number of Options	**Weighted average exercise price**	**Number of Options**	**Weighted average exercise price**
	#	**$**	**#**	**$**
Outstanding – beginning of period/year	7,175,000	0.35	4,375,000	0.25
Exercised	(500,000)	0.25	-	-
Expired	(1,400,000)	0.25	-	-
Granted	-	-	2,800,000	0.50
Outstanding – end of period/year	5,275,000	0.38	7,175,000	0.35

(Expressed in Canadian Dollars)

8. Share capital (continued)

Stock options (continued)

The following table discloses the number of options outstanding and exercisable as at March 31, 2026:

Expiry Date	Exercise Price	Number of Options Outstanding	Number of Options Exercisable
May 13, 2026	$0.25	125,000	125,000
February 9, 2028	$0.25	1,250,000	1,250,000
November 1, 2028	$0.25	1,100,000	680,000
November 22, 2029	$0.50	2,800,000	2,355,000
		5,275,000	4,410,000

As at March 31, 2026, the options outstanding had a weighted average remaining life of 2.92 years (September 30, 2025 – 2.64 years).

The fair value of options granted and vested was calculated using the Black-Scholes Model for total share-based compensation based on the following weighted average assumptions:

	Period Ended March 31, 2026	Year Ended September 30, 2025
Risk-free interest rate	-	3.27%
Expected life of warrants	-	5.00 years
Annualized volatility	-	181.43%
Dividend yield	-	0%

Volatility is determined based on comparable publicly listed entities.

Warrants

During the period ended March 31, 2026, the Company granted:

i) 533,333 brokers' warrants exercisable at $0.30 per share until August 27, 2027, in connection with the issuance of a non-brokered private placement. The estimated fair value of these warrants at the grant date was $159,900.

ii) 5,666,665 warrants exercisable at $0.45 per share until August 27, 2027. The estimated fair value of these warrants at the grant date was $Nil.

During the year ended September 30, 2025, the Company granted:

i) 545,602 brokers' warrants exercisable at $0.30 per share until December 9, 2026 in connection with the issuance of a non-brokered private placement. The estimated fair value of these warrants at the grant date was $103,700.

ii) 3,500,000 warrants exercisable at $0.60 per share until December 9, 2026. The estimated fair value of these warrants at the grant date was $Nil.

(Expressed in Canadian Dollars)

8. Share capital (continued)

Warrants (continued)

iii) 600,000 warrants exercisable at $0.75 per share until January 9, 2027. The estimated fair value of these warrants at the grant date was $Nil.

Details of warrant activity for the period ended March 31, 2026 and year ended September 30, 2025:

Warrants outstanding	**Period ended March 31, 2026**		**Year ended September 30, 2025**	
	Number of Warrants	**Weighted average exercise price**	**Number of Warrants**	**Weighted average exercise price**
	#	**$**	**#**	**$**
Outstanding – beginning of period/year	24,034,586	0.38	22,608,120	0.32
Granted	6,199,998	0.44	4,645,602	0.58
Exercised	(9,075,214)	0.27	(3,219,136)	0.27
Expired	(6,079,524)	0.34	-	-
Outstanding – end of period/year	15,079,846	0.41	24,034,586	0.38

The following table discloses the number of warrants outstanding as at March 31, 2026:

Expiry Date	Exercise Price	Number of Warrants Outstanding
June 21, 2026	$0.25	3,155,833
June 21, 2026	$0.15	51,447
June 27, 2026	$0.25	977,000
June 27, 2026	$0.15	26,800
December 9, 2026	$0.60	3,282,500
December 9, 2026	$0.30	523,602
June 7, 2029	US$0.125	262,666
January 9, 2027	$0.75	600,000
August 27, 2027	$0.45	5,666,665
August 27, 2027	$0.30	533,333
		15,079,846

As at March 31, 2026, the warrants outstanding had a weighted average remaining life of 0.33 years (September 30, 2025 – 0.59 years).

(Expressed in Canadian Dollars)

8. Share capital (continued)

Warrants (continued)

The fair value of broker's warrants was calculated using the Black-Scholes Model based on the following weighted average assumptions:

	Period Ended March 31, 2026	Year Ended September 30, 2025
Risk-free interest rate	2.36%	2.91%
Expected life of warrants	1.5 years	2 years
Annualized volatility	110.90%	124.81%
Dividend yield	0%	0%

Volatility is determined based on comparable publicly listed entities.

9. Derivative liability

During the year ended September 30, 2024 the Company:

i) recognized a derivative liability valued at $160,037 associated with the warrants on grant date. As at September 30, 2024, the Company revalued the derivative liability to $648,646 (2023 - $Nil), resulting in an unrealized loss on change in fair value of warrants of $488,609 (2023 - $Nil) through profit and loss for year ended September 30, 2024.

ii) recognized a derivative liability valued at $373,208 associated with the warrants on grant date. As at September 30, 2024, the Company revalued the derivative liability to $631,419 (2023 - $Nil), resulting in an unrealized loss on change in fair value of warrants of $258,211 (2023 - $Nil) through profit and loss for year ended September 30, 2024.

The continuity of the derivative liability for the years ended September 30, 2025 and 2024 is as follows:

September 30, 2023	$	-
Initial recognition		533,245
Change in fair value of warrants		746,820
September 30, 2024		1,280,065
Fair value transfer upon warrant exercises		(35,474)
Change in fair value of warrants		63,458
September 30, 2025	$	1,308,049
Expiry and change in fair value of warrants		(1,308,049)
March 31, 2026	$	-

(Expressed in Canadian Dollars)

9. Derivative liability (continued)

The fair value of the warrant component was calculated using the Black-Scholes Model based on the following weighted average assumptions:

	Period Ended March 31, 2026	Year Ended September 30, 2025
Risk-free interest rate	2.58%	2.47%
Expected life of warrants	0.03 years	0.24 years
Annualized volatility	115.93%	115.82%
Dividend yield	0%	0%

10. Financial instruments

Fair value

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 asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's trade payables and accrued liabilities and lease liability approximate their carrying values due to their short-term maturity or capacity of prompt liquidation.

	Level 1	Level 2	Level 3
As at March 31, 2026			
Cash	$ 4,373,236	$ -	$ -
As at September 30, 2025			
Cash	$ 752,474	$ -	$ -
Derivative liability	$ -	$ -	$ 1,308,049

Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank account. All of its cash is deposited in a bank account held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

10. Financial instruments (continued)

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 operates only in Canada and is therefore not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest rate risk

Interest rate risk is the risk that an investment's value will change due to a change in the level of interest rates. The Company is exposed to interest rate risk as its bank account earns interest income at variable rates. The income earned on the bank account is subject to the movements in interest rates. Management considers the risk to be minimal.

Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time.

Historically, the Company's main source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. At March 31, 2026, the Company had cash of $4,373,236 (September 30, 2025 - $752,474) to settle trade payables and accrued liabilities of $236,276 (September 30, 2025 - $208,711) and current undiscounted lease payments of $49,313 (September 30, 2025 – $48,809). Management considers the risk to be minimal.

11. Capital disclosure

Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital.

In order to achieve this objective, management makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, management may invest its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed. The Company is not subject to externally imposed capital requirements. The Company's management of capital did not change during the period ended March 31, 2026.

12. Subsequent events

Subsequent to the period ended March 31, 2026, the Company:

i) issued 533,465 common shares pursuant to the exercise of warrants.
ii) Issued 100,000 common shares pursuant to the exercise of options.