LITE ACCESS TECHNOLOGIES INC

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED DECEMBER 31, 2023 AND 2022

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102 “Continuous Disclosure Obligations”, 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 condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company’s management.

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

February 28, 2024

LITE ACCESS TECHNOLOGIES INC.
Condensed Interim Consolidated Statements of Financial Position
As at December 31 and September 30, 2023
(in Canadian dollars)

	Notes	December 31 2023 $	September 30 2023 $
Assets			
Current Assets			
Cash and cash equivalents		555,165	562,165
Amounts receivable		683,747	1,048,108
Prepaid expenses and deposits		31,590	31,590
Contract assets	9	756,782	303,774
Inventory	3	129,999	138,829
		2,157,283	2,084,466
Long-Term Assets			
Property, plant and equipment	4	713,899	768,155
Total Assets		2,871,182	2,852,621
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities		441,406	507,328
Due to related parties	12	2,096,114	1,759,187
Provision		16,984	16,984
Current portion of lease liabilities	8	79,659	78,762
Current portion of convertible debenture - debt component	7	491,521	-
		3,125,684	2,362,261
Long-Term Liabilities			
Long-term debt	5	80,000	80,000
Lease liabilities	8	71,259	90,950
Convertible debenture - debt component	7	-	489,168
Total Liabilities		3,276,943	3,022,379
Shareholders' Equity (Deficiency)			
Share capital	10	38,810,281	38,810,281
Convertible debenture - equity component	7	18,807	18,807
Reserves	11	5,931,212	5,900,504
Deficit		(45,166,061)	(44,899,350)
Total Shareholders' Equity (Deficiency)		(405,761)	(169,758)
Total Liabilities and Shareholders' Equity		2,871,182	2,852,621

Going concern (Note 1)
Merger and acquisition (Note 17)
Subsequent event (Note 18)

Approved by the Board of Directors:

"David Toyoda"
David Toyoda, Director

"Mark Tommasi"
Mark Tommasi, Director

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

LITE ACCESS TECHNOLOGIES INC.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

For the Three Months Ended December 31, 2023 and 2022

(in Canadian dollars)

	Note	Three Months Ended December 31, 2023 $	Three Months Ended December 31, 2022 $
Revenue	9	910,843	1,845,593
Cost of Revenue			
Purchases and subcontractor costs		675,778	1,400,229
Direct wages		53,245	119,438
Vehicle and travel		16,406	71,833
Amortization	4	37,247	45,766
Freight		-	2,316
Rentals		658	10,757
		783,334	1,650,339
Gross Margin		127,509	195,254
Operating Expenses			
Amortization	4	17,009	12,083
Cooperation fees	12	-	24,718
Insurance		23,649	16,785
Investor Relation		10,500	10,500
Filing and listing fees		1,721	24,210
Office and supplies		14,599	32,108
Professional fees		24,282	31,039
Rental		8,689	28,429
Repairs and maintenance		3,638	1,785
Share-based payments	11	30,708	23,921
Training		400	2,581
Travel and trade shows		24,806	20,173
Wages and consulting	12	213,517	259,766
		373,518	488,098
Loss from Operations		(246,009)	(292,844)
Other Income (Expenses)			
Interest income		2,163	1,209
Interest expense		(21,841)	(14,433)
Foreign exchange gain (loss)		(1,024)	96
		(20,702)	(13,128)
Net Loss		(266,711)	(305,972)
Loss per Common Share - Basic/Diluted		(0.00)	(0.00)
Weighted Average Number of Shares Outstanding - Basic/Diluted		85,892,538	79,583,967

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

(in Canadian dollars)

	Number of shares	Share capital $	Option/RSU reserve $	Warrant reserve $	Convertibel debenture equity component $	Deficit $	Total $
Balance at September 30, 2023	85,892,538	38,810,281	4,587,423	1,313,081	18,807	(44,899,350)	(169,758)
Share-based payments	-	-	30,708	-	-	-	30,708
Net loss for the period	-	-	-	-	-	(266,711)	(266,711)
Balance at December 31, 2023	85,892,538	38,810,281	4,618,131	1,313,081	18,807	(45,166,061)	(405,761)
Balance at September 30, 2022	74,852,538	38,276,786	4,431,729	1,313,081	-	(43,423,446)	598,150
Shares issued per private placement	11,040,000	552,000	-	-	-	-	552,000
Shares issued per share for debt transaction	-	-	-	-	18,807	-	18,807
Share issue costs	-	(18,505)	-	-	-	-	(18,505)
Share-based payments	-	-	23,921	-	-	-	23,921
Net loss for the period	-				-	(305,972)	(305,972)
Balance at December 31, 2022	85,892,538	38,810,281	4,455,650	1,313,081	18,807	(43,729,418)	868,401

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

LITE ACCESS TECHNOLOGIES INC.
Condensed Interim Consolidated Statements of Cash Flows
For the Three Months Ended December 31, 2023 and 2022
(in Canadian dollars)

	Note	Three Months Ended December 31, 2023 $	Three Months Ended December 31, 2022 $
Cash Flows Provided (Used) by Operating Activities			
Net loss for the period		(266,711)	(305,972)
Items not effecting cash			
Foreign exchange (gain)		-	(96)
Share-based payments		30,708	23,921
Amortization		54,256	57,849
Interest expenses		21,841	5,995
Changes in non-cash working capital balances			
Amounts receivable		364,361	661,176
Prepaid expenses and deposits		-	(16,306)
Contract assets		(453,008)	14,857
Inventory		8,831	(15,906)
Accounts payable and accrued liabilities		(65,923)	(299,706)
Due to related parties		336,927	180,014
Total Cash Flows Provided (Used) by Operating Activities		31,282	305,826
Cash Flows Provided (Used) by Investing Activities			
Purchase of property, plant and equipment		-	(1,377)
Total Cash Flows Provided (Used) by Investing Activities		-	(1,377)
Cash Flows Provided (Used) by Financing Activities			
Long-term debt repayments		-	(2,281)
Revolving credit facility		-	(310,059)
Lease repayments		(23,282)	(31,924)
Proceeds from convertible debenture		-	500,000
Payment of convertible debenture interests		(15,000)	(5,000)
Proceeds from private placement		-	552,000
Share issuance costs		-	(18,505)
Total Cash Flows Provided (Used) by Financing Activities		(38,282)	684,231
Foreign Exchange on Cash and Cash Equivalents		-	96
Change in Cash and Cash Equivalents		(7,000)	988,776
Cash and Cash Equivalents, Beginning of period		562,165	239,105
Cash and Cash Equivalents, End of period		555,165	1,227,881

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Lite Access Technologies Inc. ("Lite Access" or the "Company") is a world leader in fiber optic products and advanced installation methodologies. The Company offers integrated solutions for all types of telecom requirements. Beginning with a comprehensive project analysis to engineering, design and permitting, Lite Access offers a full complement of aerial and underground construction methodologies including splicing, testing and maintenance.

Lite Access is a public company listed as a Tier 1 Industrial Issuer on the TSX Venture Exchange ("TSX-V") under the stock symbol "LTE".

Lite Access was incorporated on October 20, 2003, under the Business Corporations Act (British Columbia). The head office is located at 110 – 6039 196 Street, Surrey, British Columbia, Canada, V3S 7X4, and its registered and records office is located at 704 – 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5.

These condensed interim consolidated financial statements have been prepared based on accounting principles applicable to a going concern. This assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations. As at December 31, 2023, the Company had a working capital deficit of $968,401 and an accumulated deficit of $45,166,061. The Company's continuing operations are dependent, ultimately, upon reaching and maintaining profitable operations. Management plans to continue to deliver into contracts and obtain new contracts to ensure the Company can generate sustainable, long-term profitability. The Company may need to raise additional funds to continue as a going concern and there can be no assurances that sufficient funding, including adequate financing, will be available. The ability of the Company to arrange additional financing in the future depends, in part, on the prevailing capital market conditions and profitability of its operations. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern. Failure to continue as a going concern may require restatement of assets and liabilities on a liquidation basis, which could differ materially from the going concern basis. These consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. In preparation of these unaudited condensed interim consolidated financial statements, the Company has consistently applied the same accounting policies disclosed in the Company's audited annual consolidated financial statements for the year ended September 30, 2023.

The Company's management makes judgments in its process of applying the Company's accounting policies in the preparation of its unaudited condensed interim consolidated financial statements. In addition, the preparation of the financial data requires that the Company's management make assumptions and estimates of the effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting

(in Canadian dollars)

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (CONTINUED)

period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The critical judgments and estimates applied in the preparation of the Company's unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's financial statements for the year ended September 30, 2023.

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on February 28, 2024.

Basis of Presentation

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The notes presented in these unaudited condensed interim consolidated financial statements include in general only significant changes and transactions occurring since September 30, 2023. As such, certain disclosures included in the annual financial statements prepared in accordance with IFRS have been condensed or omitted. Accordingly, these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2023.

Basis of Consolidation

These consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiaries listed below. Subsidiaries are those entities which the Company controls by having the power to govern the financial and operational policies of the entity. All intercompany transactions and balances have been eliminated.

			% Equity interest	
Name	**Location of incorporation**	**Functional currency**	**2023**	**2022**
Lite Access Technologies (Canada) Inc.	Canada	Canadian Dollar	100%	100%
Lite Access Technologies (USA) Inc.	United States	U.S. Dollar	100%	100%

3. INVENTORY

	December 31, 2023 $	September 30, 2023 $
Opening inventory	$ 138,829	$ 96,356
Purchases	16,889	712,341
Cost of goods sold	(25,719)	(669,868)
Closing inventory	**$ 129,999**	**$ 138,829**

Inventory is comprised of goods held for sale and work in progress.

(in Canadian dollars)

4. PROPERTY, PLANT AND EQUIPMENT

	Computer Equipment $	Construction Equipment $	Automotive equipment $	Right-of-Use Assets $	Total $
Cost					
At September 30, 2023	7,075	1,477,733	984,708	241,688	2,711,204
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At December 31, 2023	7,075	1,477,733	984,708	241,688	2,711,204
Accumulated amortization					
At September 30, 2023	4,425	866,670	981,643	90,311	1,943,049
Additions	885	32,926	1,263	19,182	54,256
Disposals	-	-	-	-	-
At December 31, 2023	5,310	899,596	982,906	109,493	1,997,305
Net book value December 31, 2023	**1,765**	**578,137**	**1,802**	**132,195**	**713,899**

	Computer Equipment $	Construction Equipment $	Automotive equipment $	Right-of-Use Assets $	Total $
Cost					
At September 30, 2022	5,698	1,526,261	1,010,069	131,150	2,673,178
Additions	1,377	-	-	165,951	167,328
At December 31, 2022	7,075	1,526,261	1,010,069	297,101	2,840,506
Accumulated amortization					
At September 30, 2022	1,003	807,292	975,091	29,155	1,812,541
Additions	1,670	30,026	7,977	18,176	57,849
At December 31, 2022	2,673	837,318	983,068	47,331	1,870,390
Net book value December 31, 2022	**4,402**	**688,943**	**27,001**	**249,770**	**970,116**

5. LONG-TERM DEBT

	December 31, 2023 $	September 30, 2023 $
Long-term debt	80,000	80,000
Less current portion	-	-
Long-term portion	**80,000**	**80,000**

Long-term debt reported the Canada Emergency Business Account (“CEBA”) loan of $80,000 (September 30, 2023 - $80,000), which was received in the year ended September 30, 2020. The CEBA loan is interest-free up to December 31, 2023. Starting January 1, 2024, interest at 5% per annum will accrue and there will be interest payment requirements until the loan is fully repaid by December 31, 2026.

6. CREDIT FACILITY

The Company had a $100,000 revolving demand credit facility at Royal Bank of Canada (“RBC”) with interest rate of prime + 2.60%. As at December 31, 2023, the balance of the credit facility was $nil (September 30, 2023: $nil).

(in Canadian dollars)

7. CONVERTIBLE DEBENTURE

	December 31, 2023 $	September 30, 2023 $
Convertible debentures balance as at September 30, 2023	489,168	-
Proceeds from convertible debentures	-	500,000
Amount allocated to equity component	-	(18,807)
Amount allocated to liability component	489,168	481,193
Accreted interest	2,353	7,975
Convertible debentures balance as at December 31, 2023	**491,521**	**489,168**
Current portion	491,521	-
Long-term portion	-	489,168

On November 22, 2022, the Company closed a non-brokered private placement financing with gross proceeds of $1,052,000 (the "Offering"). The Offering consisted of secured convertible debentures in the principal amount of $500,000 and 11,040,000 common shares at $0.05 per share for gross proceeds of $552,000.

The debentures are secured under a general security agreement and mature on November 22, 2024. The debentures bear a fixed interest rate of 12% per annum, payable monthly commencing December 22, 2022. At the holder's option, the debentures will be convertible into common shares of the Company at a conversion ratio of $0.07 per common share if converted from the issue date to the last day of the first anniversary, and $0.10 if converted from the first day of the second anniversary to the maturity date. The debentures do not contain a cash settlement feature on conversion into common shares of the Company.

The convertible debentures were accounted for as a compound financial instrument with liability and equity components. The liability component was valued at $481,193 based on the present value of contractual cash flows using a discount rate of 15%, which is the estimated rate that would have been charged for a similar instrument without a conversion feature. The liability component was subsequently measured at amortized cost. The equity component of $18,807 was measured based on the residual value of the compound instrument after deducting the amount determined for the liability component.

Total interest expense associated with the convertible debentures for the three months ended December 31, 2023 was $17,353 (Three months ended December 31, 2022: $5,995), which included the interest paid for the quarter of $15,000 and accreted interest $2,353. As at December 31, 2023, no convertible debenture was converted to common shares.

8. LEASE LIABILITIES

	December 31, 2023 $	September 30, 2023 $
Lease liabilities opening balance	169,712	113,402
Addition	-	159,090
Disposal	-	(30,772)
Payments	(23,282)	(91,781)
Interest	4,488	19,773
Lease liabilities ending balance	150,918	169,712
Less current portion	(79,659)	(78,762)
Long-term portion	**71,259**	**90,950**

(in Canadian dollars)

8. LEASE LIABILITIES (CONTINUED)

The following table presents a reconciliation of the Company's undiscounted cash flows at December 31, 2023 and September 30, 2023 to their present values for the Company's lease obligations:

	December 31, 2023 $	September 30, 2023 $
Within one year	91,606	92,694
Between one and five years	74,876	96,791
Total undiscounted lease obligations	166,482	189,485
Less: future interest charges	(15,564)	(19,773)
Total discounted lease obligations	150,918	169,712
Less: current portion	(79,659)	(78,762)
Long-term portion	**71,259**	**90,950**

9. REVENUE

Disaggregation of revenue

The Company disaggregates revenue from contracts with customers by contract type, as this best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The following is a summary of total revenue by contract type for the three months ended December 31, 2023 and 2022:

	Three Months Ended December 31, 2023 $	Three Months Ended December 31, 2022 $
Product sales	-	7,770
Installation service - fixed price	874,219	1,713,573
Installation service - cost plus	36,624	124,250
	910,843	**1,845,593**

Contract assets and liabilities

The following is a summary of changes in contract assets and liabilities:

	December 31, 2023		September 30, 2023	
	Contract Assets $	Contract Liabilities $	Contract Assets $	Contract Liabilities $
Balance, beginning of the period	303,774	-	35,550	-
Transfer from contract assets at the beginning of the period to accounts receivable	(303,774)	-	(35,550)	-
Net additions to contract assets/liabilities during the period	756,782	-	303,774	-
Balance, end of the period	**756,782**	**-**	**303,774**	**-**

The Company's contract assets and liabilities are expected to be settled within one year.

(in Canadian dollars)

10. SHARE CAPITAL

Authorized share capital

The Company is authorized to issue unlimited common shares without par value and unlimited preferred shares without par value.

On November 22, 2022, the Company closed a non-brokered private placement financing with gross proceeds of $1,052,000. The financing consisted of secured convertible debentures in the principal amount of $500,000 and 11,040,000 common shares at $0.05 per share for gross proceeds of $552,000.

As at December 31, 2023, the Company had 85,892,538 common shares (September 30, 2023: 85,892,538) issued and outstanding.

Warrants

There has been no change in warrants during the three months ended December 31, 2023 and 2022.

The following is a summary of outstanding as at December 31, 2023:

Grant Date	Expiry Date	Exercise Price ($)	Opening Balance	Granted	Expired/ Forfeited/ Cancelled	Closing Balance	Vested and Exercisable
3/25/2022	3/25/2024	0.15	8,929,350	-	-	8,929,350	8,929,350
			8,929,350	-	-	8,929,350	8,929,350
Weighted Average Exercise Price			$ 0.15	$ -	$ -	$ 0.15	$ 0.15

11. RESERVES

Stock options

The Company has adopted a rolling 10% stock option plan (the "Stock Option Plan") under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees, or consultants of the Company. The exercise price of option grants will be determined by the Board of Directors and will not be less than the closing market price of the common shares on the stock exchange less allowable discounts at the time of grant. All options granted under the Stock Option Plan will expire no later than the date that is five years from the date that such options are granted.

On November 15, 2023, the Company granted Mr. Tommasi and his controlled firm 150,000 stock options in connection with his appointment as interim CEO. The options vested immediately are exercisable at $0.10 per share for a period of five years from the date of grant.

During the three months ended December 31, 2023, the Company recognized a share-based compensation expense of $6,758 (Three months ended December 31, 2022: $23,921) related to options vested. The weighted average life remaining of stock options as at December 31, 2023 is 3.55 years (September 30, 2023: 3.78 years).

(in Canadian dollars)

11. RESERVES (CONTINUED)

The following is a summary of changes in options from October 1, 2023 to December 31, 2023:

Grant date	Expiry date	Exercise price ($)	Opening balance	Granted	Expired/ Cancelled/ Forfeited	Closing balance	Vested and exercisable
2019-11-19	2024-11-19	0.30	50,000	-	-	50,000	50,000
2020-06-02	2025-06-02	0.82	225,000	-	-	225,000	225,000
2021-04-01	2026-04-01	0.30	30,000	-	-	30,000	30,000
2021-04-01	2026-04-01	0.29	115,000	-	-	115,000	115,000
2022-07-29	2027-07-29	0.10	5,545,000	-	-	5,545,000	5,545,000
2023-02-03	2028-02-03	0.10	850,000	-	-	850,000	850,000
2023-11-15	2028-11-15	0.10	-	150,000	-	150,000	150,000
			6,815,000	150,000	-	6,965,000	6,965,000
Weighted average exercise price			$ 0.13			$ 0.13	$ 0.13

The following is a summary of changes in options from October 1, 2022 to December 31, 2022:

Grant date	Expiry date	Exercise price ($)	Opening balance	Granted	Expired/ Cancelled/ Forfeited	Closing balance	Vested and exercisable	Unvested
2019-11-19	2024-11-19	0.30	50,000	-	-	50,000	50,000	-
2020-06-02	2025-06-02	0.82	375,000	-	-	375,000	250,000	125,000
2021-04-01	2026-04-01	0.30	30,000	-	-	30,000	30,000	-
2021-04-01	2026-04-01	0.29	115,000	-	-	115,000	115,000	-
2022-07-29	2027-07-29	0.10	5,595,000	-	-	5,595,000	5,595,000	-
			6,165,000	-	-	6,165,000	6,040,000	125,000
Weighted average exercise price			$ 0.15			$ 0.15	$ 0.14	$ 0.82

Restricted share units

As disclosed in Note 15 of the annual financial statements for the year ended September 30, 2023, on February 3, 2023, the Company adopted the Equity Incentive Compensation Plan (the "Plan").

Under the Plan, the Company granted 3,250,000 RSUs to certain officers, directors, and consultants of the Company on February 3, 2023, expiring on February 3, 2028. Upon vesting, each RSU will entitle the holder to receive one common share of the Company. A total of 2,100,000 RSUs vest on February 3, 2024, a total of 700,000 RSUs vest on February 3, 2025, and a total of 450,000 RSUs vest on February 3, 2026. On November 15, 2023, a total of 450,000 RSUs previously issued to the former CEO was cancelled.

The fair value of RSUs is calculated at the date of grant using the market price of the common shares and the fair value is recorded as compensation expense over the vesting period of the RSU with an offsetting credit to reserves. For the three months ended December 31, 2023, the Company recorded stock-based compensation expense of $23,950 related to RSUs granted. The weighted average life remaining of RSUs as at December 31, 2023 was 4.1 years (September 30, 2023: 4.35 years).

(in Canadian dollars)

12. RELATED PARTY TRANSACTIONS

During the three months ended December 31, 2023 and 2022, the Company entered related party transactions or held balances with the following individuals and corporations:

David Toyoda	Director
Michael Plotnikoff	Former CEO and Director
Linda Han	CFO
Mark Tommasi	CEO and Director
622738 BC Ltd.	Company controlled by Mark Tommasi
Michael Irmen	Director
Ironman Directional Drilling Ltd.	Company controlled by Michael Irmen
1097195 BC Ltd.	Company controlled by Michael Irmen
Alex McAulay	Director

The following is a summary of the Company's related party transactions during the periods that are not disclosed elsewhere in these consolidated financial statements. All related party transactions are recorded at the exchange amounts.

Key Management Compensation

	Three Months Ended December 31, 2023	**Three Months Ended December 31, 2022**
	$	**$**
Short-term employee benefits and director fees (in wages and consulting)	111,499	91,247
Share-based payments	15,512	14,353
Total	**127,011**	**105,600**

Other Related Party Transactions

(a) Cooperation Agreement with Ironman

As disclosed in Note 16 of the annual financial statements for the year ended September 30, 2023, on July 26, 2022, the Company signed a cooperation agreement with Ironman Direction Drilling Ltd. whereby Lite Access and Ironman will jointly provide their specialized fiber installation and directional drilling services on new fiber optic network projects.

During the three months ended December 31, 2023, Ironman provided the construction services for multiple Lite Access projects and a total amount of $639,294 (Three months ended December 31, 2022: $1,126,605) was billed to Lite Access. As at December 31, 2023, the amount of $1,736,571 (September 31, 2023: $1,393,874) was outstanding. No cooperation fees were earned during the quarter ended December 31, 2023 (Three months ended December 31, 2022: $24,718). As at December 31, 2023, cooperation fees $359,543 (September 30, 2023: $359,543) were outstanding and reported under the related party payable.

(in Canadian dollars)

12. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Private Placement

As disclosed in Note 14 of the annual financial statements for the year ended September 30, 2023, on November 22, 2022, the Company closed a non-brokered private placement with gross proceeds of $1,052,000. The offering consisted of secured convertible debenture of $500,000 and 11,040,000 common shares at $0.05 per share for gross proceeds of $552,000.

Insiders subscribed for a total of 1,000,000 common shares for aggregate gross proceeds of $50,000, and convertible debentures in the principal amount of $250,000. The issuance of common shares and convertible debentures to insiders are considered related party transactions. As at December 31, 2023, no debenture was converted and total interest of $7,500 was paid to the related party during the three months ended December 31, 2023 (Three months ended December 31, 2022: $2,500).

13. SEGMENTED INFORMATION

The Company's principal business locations and operations are in British Columbia, Canada. The Company has two reporting segments: sales of product and fiber optic installations. The Company reports activities not directly attributable to an operating segment under Corporate.

As at December 31, 2023	**Product sales**	**Fibre optic installation**	**Corporate**	**Total**
Total assets	-	2,514,655	356,527	2,871,182
Total liabilities	-	2,745,422	531,521	3,276,943

As at September 30, 2023	**Product sales**	**Fibre optic installation**	**Corporate**	**Total**
Total assets	-	2,496,441	356,180	2,852,621
Total liabilities	-	2,493,211	529,168	3,022,379

For Three Months Ended December 31, 2023	**Product sales**	**Fibre optic installation**	**Corporate**	**Total**
Revenue	-	910,843	-	910,843
Net loss	-	(83,234)	(183,477)	(266,711)

For Three Months Ended December 31, 2022	**Product sales**	**Fibre optic installation**	**Corporate**	**Total**
Revenue	7,770	1,837,823	-	1,845,593
Net income (loss)	999	(80,557)	(226,414)	(305,972)

The Company's revenues are allocated to geographic segments for the three months ended December 31, 2023 and 2022 as follows:

	Three Months Ended December 31, 2023	**Three Months Ended December 31, 2022**
	$	**$**
Canada	910,843	1,837,823
United States	-	7,770
	910,843	**1,845,593**

14. FINANCIAL INSTRUMENTS

The Company's financial instruments include cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities, due to related parties, and long-term debt. The carrying value of the financial instruments approximates their fair values.

The Company's financial instruments are exposed to certain financial risks, including credit, liquidity, and market risk.

Credit Risk

Credit risk arises from cash and cash equivalents held with banks and financial institutions, as well as credit exposure on outstanding receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

The Company seeks to limit its exposure to this risk by holding its cash and cash equivalents in large Canadian financial institutions. A total of $683,747 accounts receivable was reported as at December 31, 2023 (September 30, 2023: $1,048,108) and the amount of $304,155 (September 30, 2023: $459,924) are past due. Of this amount, a total of $60,762 (September 30, 2023: $418,349) was past due over 90 days.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective is to ensure that there are sufficient committed financial resources to meet its short-term business requirements for the foreseeable future. As at December 31, 2023, the Company had a working capital deficit of $968,401 (September 30, 2023: $277,795) which included the convertible debenture of $500,000 due on November 22, 2024. During the first quarter of fiscal 2023, the Company closed a private placement with total proceeds of $1,052,000. The proceeds were used to fund working capital needs and growth initiatives. To mitigate liquidity risk, the Company will look to maintain a positive working capital, generate positive cash flow from forecasted sales and services, raise capital through equity financing, warrant exercises and maintain an accessible line of credit.

The Company's continuing operations are dependent, ultimately, upon reaching and maintaining profitable operations. Management plans to continue to deliver contracts and obtain new contracts and ensure the Company can generate sustainable, long-term profitability. The Company may need to raise additional funds to continue as a going concern and there can be no assurances that sufficient funding, including adequate financing, will be available. The ability of the Company to arrange additional financing in the future depends, in part, on the prevailing capital market conditions and profitability of its operations. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern. Refer to Nature of Operations and Going Concern in Note 1.

Market Risk

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

14. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Currency risk

The Company is exposed to foreign currency fluctuation on its financial assets and liabilities. For the three months December 31, 2023, for every 10% fluctuation in the exchange rate between the US dollars with the Canadian dollar, the Company's income (loss) would have been approximately $6,149 higher or lower respectively.

The Company had the following financial instruments in US dollars, converted to Canadian dollars:

	December 31, 2023 $	September 30, 2023 $
Cash and cash equivalents	46,489	48,283

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk on its credit facilities which are based on floating rates of interest. During the three months ended December 31, 2023, the Company does not expect interest rate risk to have a significant impact on the net earnings or comprehensive income.

15. LOSS PER SHARE

	Three Months Ended December 31	
Weighted Average Number of Common Shares	**2023**	**2022**
Basic weighted average number of shares outstanding	85,892,538	79,583,967
Effect of dilutive securities		
Stock options and warrants	-	-
Fully diluted weighted average number of shares outstanding	**85,892,538**	**79,583,967**

	Three Months Ended December 31	
Basic/diluted (Loss) per share	**2023**	**2022**
Loss for the year	(266,711)	(305,972)
Weighted average number of shares	85,892,538	79,583,967
Loss per share - basic/diluted	**$ (0.00)**	**$ (0.00)**

16. SUPPLEMENTAL CASH FLOW INFORMATION

	Three Months Ended December 31, 2023 $	Three Months Ended December 31, 2022 $
Interest paid	(19,488)	(13,438)
Interest received	2,163	1,209
Lease assets acquired	-	159,090

17. MERGER AND ACQUISITION

As disclosed in Note 23 of the annual financial statements for the year ended September 30, 2023, on May 3, 2023, the Company entered a non-binding letter of intent to acquire 1097195 B.C. Ltd. ("Ironman") and its wholly owned subsidiary, Ironman Directional Drilling Ltd., an experienced provider of directional drilling (the "Transaction").

Mike Irmen, who is a shareholder of Ironman, is also a director of the Company and, as a result, the Transaction will constitute a related party transaction. The Company and Ironman have agreed to negotiate and settle the terms of a share exchange agreement.

During the quarter ended December 31, 2023, the Company and Ironman agreed to extend the exclusivity period until February 29, 2024. The completion of the Transaction is subject to a few key conditions including entry into a definitive agreement between Lite Access and Ironman, completion of due diligence of the parties, shareholder approval, TSX Venture Exchange final approval and other conditions customary for this type of Transaction.

18. SUBSEQUENT EVENT

On February 26, 2024, a total of 1,400,000 RSUs previously issued were exercised and the total common shares after the issuance was 87,292,538.