



Edgewater Wireless Systems Inc.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2024 AND 2023

(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditor's Report

To the Shareholders of Edgewater Wireless Systems Inc.

Opinion

We have audited the consolidated financial statements of Rogue Resources Inc. (the "Company"), which comprise the consolidated statement of financial position as at April 30, 2024, and the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The consolidated financial statements of the Company for the year ended April 30, 2023 were audited by another auditor who expressed an unqualified opinion on those statements on September 8, 2023.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of \$90,672 for the year ended April 30, 2024 (net loss of \$799,444 for the year ended April 30, 2023) and, as of that date, had an accumulated deficit of \$47,615,280 (April 30, 2023 - \$47,415,719). As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended April 30, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described in the above paragraph, *Material Uncertainty Related to Going Concern* to be the only key audit matter to be communicated in our report.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so,

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consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

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

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

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

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

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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

MS Partners LLP

MS Partners LLP
Licensed Public Accountants
Toronto, Ontario
August 27, 2024

Edgewater Wireless Systems Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at April 30, 2024	As at April 30, 2023
ASSETS		
Current assets		
Cash	\$ 99,393	\$ 81,098
Short-term investments (note 4)	11,080	10,791
Amounts receivable (note 5)	8,460	24,561
Prepaid expenses and deposits	148,201	170,749
Total current assets	267,134	287,199
Non-current assets		
Property and equipment (note 6)	1,139	1,952
Right-of-use asset (note 7)	17,127	34,251
Total assets	\$ 285,400	\$ 323,402
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities (notes 8 & 12)	\$ 1,409,940	\$ 1,696,417
Deferred revenue	252,119	252,119
Lease liability (note 9)	19,732	17,000
Notes and loan payable (note 10)	12,494	49,819
Deferred government assistance (note 10)	-	22,883
Convertible debentures (note 11)	-	12,031
Total current liabilities	1,694,285	2,050,269
Non-current liabilities		
Lease liability (note 9)	-	19,732
Loan payable (note 10)	60,000	-
Convertible debenture (note 11)	181,834	347,282
Total liabilities	1,936,119	2,417,283
Shareholders' deficiency		
Share capital (note 13)	36,503,080	36,118,718
Warrants	983,250	984,569
Contributed surplus	8,478,231	8,218,551
Deficit	(47,615,280)	(47,415,719)
Total shareholders' deficiency	(1,650,719)	(2,093,881)
Total liabilities and shareholders' deficiency	\$ 285,400	\$ 323,402

Going concern (note 1)
Contingencies (note 18)
Subsequent event (note 21)

Approved on behalf of the Board:

(Signed) "Brian C. Imrie"

Director

(Signed) "Ralph Garcea"

Director

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

Edgewater Wireless Systems Inc.**Consolidated Statements of Loss and Comprehensive Loss****(Expressed in Canadian Dollars)**

	Year Ended April 30,	
	2024	2023
Revenues (note 16)		
Products	\$ 1,749	\$ 5,778
Services	11,605	1,796
	13,354	7,574
Cost of sales	1,271	557
Gross margin	12,083	7,017
Operating expenses (note 17)		
Sales and marketing	62,283	113,073
General and administrative (notes 12 & 17)	568,677	725,632
Product development	18,922	28,260
Operations	42,280	49,859
Loss from operations	692,162	916,824
Change in fair value of convertible debentures (note 11)	(123,533)	(143,396)
Interest expense	5,749	9,569
Finance income	(3,285)	(7,122)
Foreign exchange (gain) loss	(52,369)	30,586
Gain on write-off of payables	(415,969)	-
Net loss and comprehensive loss	\$ (90,672)	\$ (799,444)
Basic and diluted loss per share (note 14)	\$ (0.001)	\$ (0.004)
Weighted average number of common shares outstanding (basic and diluted) (note 14)	191,104,530	187,109,540

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

Edgewater Wireless Systems Inc.

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	Year Ended April 30,	
	2024	2023
Operating activities		
Net loss for the year	\$ (90,672)	\$ (799,444)
Items not affecting cash:		
Share-based payments	74,613	108,285
Change in fair value of convertible debentures	(123,533)	(143,396)
Interest expense	4,864	6,727
Interest income	(289)	-
Depreciation of property and equipment	1,359	1,315
Amortization on right-of-use asset	17,124	17,126
Foreign exchange (gain) loss	(208)	29,443
Changes in non-cash operating working capital:		
Amounts receivable	16,101	(11,340)
Prepaid expenses and deposits	22,548	(9,570)
Accounts payable and accrued liabilities	(286,477)	127,601
Net cash used in operating activities	(364,570)	(673,253)
Financing activities		
Proceeds from private placements	417,651	-
Share issuance costs	(12,376)	(7,178)
Proceeds from convertible debentures	-	716,000
Repayment of notes payable	(492)	(100,000)
Lease liability payments	(21,372)	(21,372)
Net cash provided by financing activities	383,411	587,450
Investing activities		
Short-term investment	-	(175)
Purchase of equipment	(546)	(510)
Net cash used in investing activities	(546)	(685)
Net change in cash	18,295	(86,488)
Cash, beginning of year	81,098	167,586
Cash, end of year	\$ 99,393	\$ 81,098
Non-cash items not included in cash flows		
Shares issued for settlement of interest on convertible debenture	\$ 53,946	\$ 35,505

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

Edgewater Wireless Systems Inc.

Consolidated Statements of Changes in Shareholders' Deficiency

(Expressed in Canadian Dollars)

	Share capital	Warrants	Contributed surplus	Deficit	Total
Balance, April 30, 2022	\$ 36,088,391	\$ 1,037,940	\$ 7,881,109	\$ (46,616,275)	\$ (1,608,835)
Share-based payments (note 13(d))	-	-	108,285	-	108,285
Shares issued to settle interest on convertible debenture (note 11)	35,505	-	-	-	35,505
Warrants expired (note 13(c))	-	(51,371)	51,371	-	-
Convertible debentures (note 11)	-	-	177,786	-	177,786
Issuance costs (note 13(b))	(5,178)	(2,000)	-	-	(7,178)
Net loss and comprehensive loss	-	-	-	(799,444)	(799,444)
Balance, April 30, 2023	\$ 36,118,718	\$ 984,569	\$ 8,218,551	\$ (47,415,719)	\$ (2,093,881)
Share-based payments (note 13(d))	-	-	74,613	-	74,613
Shares issued to settle interest on convertible debenture (note 11)	53,946	-	-	-	53,946
Warrants expired (note 13(c))	-	(185,067)	185,067	-	-
Warrant extension (note 13(c))	-	108,889	-	(108,889)	-
Private placements (note 13(b))	340,338	77,313	-	-	417,651
Issuance costs (note 13(b))	(9,922)	(2,454)	-	-	(12,376)
Net loss and comprehensive loss	-	-	-	(90,672)	(90,672)
Balance, April 30, 2024	\$ 36,503,080	\$ 983,250	\$ 8,478,231	\$ (47,615,280)	\$ (1,650,719)

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

Edgewater Wireless Systems Inc.

Notes to Consolidated Financial Statements

Years Ended April 30, 2024 and 2023

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Incorporated under the Canada Business Act, Edgewater Wireless Systems Inc. (the "Company") main activity is developing and commercializing leading edge technologies and intellectual property for the communications market. The Company's head office is Suite 202, 11 Hines Road, Kanata, Ontario, Canada.

These consolidated financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company has not earned substantial revenue from the sale of its products and is, therefore, considered to be in the development stage. For the year ended April 30, 2024, the Company incurred a net loss of \$90,672 and negative cash flow from operating activities of \$364,570. In addition, the Company had a deficit of \$47,615,280 and a working capital deficiency (current assets less current liabilities) of \$1,427,151 at April 30, 2023. As a result of the above factors, a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The continuation of the Company's operations, including product development and marketing activities, is dependent upon the Company's ability to successfully fund its working capital requirements through either debt or equity financing.

Management will need to secure additional financing in sufficient time to complete its planned programs for Fiscal 2025. There can be no assurance that the capital will be available as necessary to meet these continuing expenditures or, if the capital is available, that it will be on terms acceptable to the Company. If the Company cannot secure additional financing on terms acceptable to it or generate product sales with upfront payments, the Company will have to consider additional strategic alternatives which may include, among other strategies, additional cost curtailments, exploring the monetization of intangible assets, seeking to out-license and/or divest assets, winding up, dissolution or liquidation of the Company.

The consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis were not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of the assets and liabilities, the reported revenue and expenses and the consolidated statement of financial position classifications used.

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on August 27, 2024.

The Company's Board of Directors have the power to amend the consolidated financial statements after issue.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except as permitted by IFRS and as otherwise indicated within these notes.

These consolidated financial statements are presented in Canadian dollars, which is the functional and presentation currency of the Company.

Edgewater Wireless Systems Inc.

Notes to Consolidated Financial Statements

Years Ended April 30, 2024 and 2023

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (continued)

Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. To the extent that some of these estimates relate to transactions which are expected to occur or be finalized in the future, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. The impact of revisions to accounting estimates is recognized in the period in which such estimates are revised and in any future periods affected.

Critical judgments in applying accounting policies

The Company derives all of its revenues from the sale of silicon solutions, wireless access points, associated peripheral equipment and support services and has no other operations. Additionally, all of the assets of the Company, including intellectual property and trade secrets are used to generate revenues. In the judgment of management, the Company has one Cash Generating Unit ("CGU"). The Company assesses its cash generating unit annually to determine whether any indication of impairment exists.

Key sources of estimation uncertainty

Information about assumptions concerning the future and other key sources of estimation uncertainty that have the most significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are presented in the following notes:

Note 13(b) - Share capital issued

Note 13(c) - Warrants

Note 13(d) - Stock options

Capitalization of product development costs

The capitalization of product development costs is subject to management's judgment on whether the criteria for capitalization have been met.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements unless otherwise indicated.

a) Basis of consolidation

The consolidated financial statements of the Company as at and for the year ended April 30, 2024 and 2023 comprise the accounts of the Company and its subsidiaries. 7781911 Canada Ltd. (formerly "Edgewater Wireless Systems, Ltd.") became a wholly-owned subsidiary of the Company, effective October 13, 2011. Edgewater Wireless do Brasil Tecnologia Ltda., incorporated under the laws of Brazil, also became a wholly-owned subsidiary on that date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting periods as the Company using accounting policies consistent with the Company. Intra-group balances and transactions, and any unrealized revenue and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Edgewater Wireless Systems Inc.

Notes to Consolidated Financial Statements

Years Ended April 30, 2024 and 2023

(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

b) Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of the Company and its subsidiaries using the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the fiscal period end are retranslated into the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the fiscal period, adjusted for effective interest and payments during the fiscal period, and the amortized cost in foreign currency translated at the exchange rate at the end of the fiscal period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognized in profit or loss.

c) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in, first-out method and includes expenses incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated selling costs. Inventories are written down to net realizable value when the cost of inventories is determined not to be recoverable. When the circumstances that previously caused the inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal is limited to the amount of the original write-down.

d) Property and equipment

Property and equipment is measured at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes any expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items.

Gains and losses on disposal of an item of the related property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized in profit or loss from operations.

Depreciation is calculated based on the depreciable amount, which is the cost of an asset less its anticipated residual value. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives noted below:

Laboratory equipment	3 years
Computer hardware	3 years
Furniture and fixtures	3 years

The property and equipment residual values, useful lives, and methods of depreciation are subject to estimation uncertainty and are reviewed at each fiscal year end and adjusted if appropriate. Any changes in these estimates are accounted for prospectively.

e) Intangible assets

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Product development costs are capitalized only if development costs can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset.

Edgewater Wireless Systems Inc.

Notes to Consolidated Financial Statements

Years Ended April 30, 2024 and 2023

(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

e) Intangible assets (continued)

Amortization of intangible assets is recognized in the consolidated statement of loss and comprehensive loss on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The estimated useful lives are as follows:

Patents	6 years
Computer software	3 years

f) Research and development expense

Research and development costs are expensed as incurred. Development costs are deferred and amortized when the criteria for recognition of an intangible asset are met, or otherwise, are expensed as incurred. No research and development costs have been capitalized to date.

g) Impairment

The carrying values of property and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that are expected to generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or CGU).

An impairment loss would be recorded when the recoverable amount of an asset or its CGU is less than its carrying amount. Impairment losses recorded in previous fiscal periods are evaluated for potential reversals when events or changes in circumstances in subsequent periods warrant such consideration.

h) Income taxes

Income tax expense comprises current and deferred elements. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset only under very limited circumstances.

Edgewater Wireless Systems Inc.

Notes to Consolidated Financial Statements

Years Ended April 30, 2024 and 2023

(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

h) Income taxes (continued)

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be applied. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Investment tax credits relating to scientific research and experimental development expenditures are recorded in the fiscal period the qualifying expenditures are incurred based on management's interpretation of applicable legislation in the Income Tax Act of Canada. Credits are recorded provided there is reasonable assurance that the tax credit will be realized.

Credits claimed are subject to review by the Canada Revenue Agency.

Credits claimed in connection with product development activities are accounted for using the cost reduction method. Under this method, assistance and credits relating to the acquisition of equipment is deducted from the cost of the related assets, and those relating to current expenditures, which are primarily salaries and related benefits, are included in the determination of profit or loss as a reduction of the product development expenses.

i) Government assistance

Government assistance is recorded as a reduction of the related expense or as a reduction of the cost of the related asset. The benefits are recognized when the Company has complied with the terms and conditions of the approved grant program or applicable tax legislation provided there is reasonable assurance of realization.

j) Financial instruments

Initial measurement and classification

Financial assets

The Company initially recognizes amounts receivable on the date that they are originated. All other financial assets are recognized initially on the date at which the Company becomes party to the contractual provisions of the instrument. The Company determines the classification of its financial assets on the basis of both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets. A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities

The Company initially recognizes debt liabilities on the date that they are originated. All other financial liabilities are recognized initially on the date at which the Company become party to the contractual provisions of the instrument. Financial liabilities are classified as measured at amortized cost or fair value through profit or loss. Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Subsequent measurement

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Edgewater Wireless Systems Inc.

Notes to Consolidated Financial Statements

Years Ended April 30, 2024 and 2023

(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

j) Financial instruments (continued)

Subsequent measurement (continued)

Financial assets and liabilities are offset, and the net amount presented in the consolidated balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Subsequent to initial recognition, amounts receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method, except for the convertible debentures which are measured at fair value through profit and loss.

The following is a summary of the classifications the Company has applied to each of its significant categories of financial instruments outstanding:

Financial assets	Classification
Cash	Fair value through profit and loss ("FVTPL")
Short-term investment	FVTPL
Amounts receivable	Amortized cost

Financial liabilities	Classification
Accounts payable and accrued liabilities	Amortized cost
Notes and loan payable	Amortized cost
Convertible debentures	FVTPL

Convertible debentures

The Company's convertible debentures (note 5) represent hybrid financial instruments containing the following components:

Feature	Classification
Company's option to settle interest in shares	Derivative asset
Holder's option to convert outstanding principal into Units	Derivative liability
Company's option to convert outstanding principal into Units	Derivative asset
Company's option to prepay principal and unpaid interest	Derivative asset
Principal and interest payable	Financial liability

The Company elected to irrevocably designate the entire instrument at fair value through profit and loss. Therefore, the Company does not separately account for the fair value of the derivative features identified above.

Subsequent to initial recognition, the instrument will be measured at fair value at each reporting period, with any differences recognized in profit and loss except to the extent that the change in fair value is related to the Company's own credit risk, in which case the change is recognized in other comprehensive income or loss.

Edgewater Wireless Systems Inc.

Notes to Consolidated Financial Statements

Years Ended April 30, 2024 and 2023

(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

j) Financial instruments (continued)

Fair value measurement

Financial instruments recorded at fair value on the Consolidated Balance Sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability; and
- Level 3 – values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

When the inputs used to measure fair value fall within more than one level of the hierarchy, the level within which the fair value measurement is categorized is based on the Company's assessment of the lowest level input that is the most significant to the fair value measurement.

Impairment of financial assets

Loss allowances are measured based on the lifetime expected credits losses (ECLs). When determining whether the credit risk of a financial asset has increased significantly since initial recognition and then estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on historical experience and forward-looking information. The Company considers a financial asset to be in default when the customer is highly unlikely to pay its obligation in full and then impairs the asset.

k) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from common shares, net of any tax effects.

l) Warrants

Warrants are classified as equity. Incremental costs directly attributable to the issuance of warrants are recognized as a deduction from warrants, net of any tax effects. Proceeds from the sale of combined financial instruments that include warrants are allocated to their components based on their relative fair values. The fair value of warrants is estimated using the Black-Scholes option pricing model or the Barrier option pricing model at the time of their issuance. If warrants are exercised, a pro-rata portion of the amount recognized at their original issuance is transferred to common shares. If warrants expire unexercised, the amount recognized at their original issuance is transferred to contributed surplus from a warrant reserve. When a warrant expiry date is extended, the incremental fair value of the warrant extension is estimated using the Black-Scholes option pricing model calculated for the difference between the extended period and the remaining period when the decision is taken to extend the warrants.

m) Share-based payment transactions

For stock options that vest immediately, compensation expense is recorded based on the estimated fair value of the stock options at the grant date using the Black-Scholes option valuation model. For stock options granted which vest over time, the Company calculates the grant-date fair value of the share-based payment and recognizes the expense over the period that the recipients become unconditionally entitled to the awards. In both cases, the corresponding credit is recorded in contributed surplus. At each calculation of expense, an estimate is made of the number of options expected to ultimately be exercised. Where the expense relates to options granted to employees, the grant date fair value is not adjusted in future periods.

Edgewater Wireless Systems Inc.

Notes to Consolidated Financial Statements

Years Ended April 30, 2024 and 2023

(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

m) Share-based payment transactions (continued)

Share-based payment transactions in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions; goods are recognized when they are obtained and services are recognized when received. Goods and services are recognized at their fair value unless such fair value cannot be measured reliably, in which case the goods or services are measured with reference to the equity instruments granted.

n) Warranty

Provisions for product warranties not considered separate performance obligations are based on current volumes of products sold still under warranty and on warranty claims. Also taken into consideration are estimates and assumptions on future quality rates for new products and estimates of costs to remedy the issues that might occur.

o) Leases

At inception of a contract, the Company assesses the right to control the use of an identified asset for a period of time in exchange for consideration to determine if the contract is a lease. The Company recognizes a right of use asset and a lease liability at the commencement date. The right of use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the asset or site on which is located, less any lease incentives received. The asset is depreciated to the earlier of the end of the useful life or the lease term using the straight-line method. The lease term includes the period covered by an option to extend if the Company is reasonably certain to use the option.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments, if there is a change in the Company's estimated amount expected to be paid, or if the Company changes its assessment of if it will exercise a purchase, extension, or termination option. When the lease is measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected to apply the practical expedient, under IFRS 16, not to recognize right-of-use assets and lease liabilities for short-term leases having a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the term of the lease.

p) Revenue recognition

The Company recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same. When a single sales transaction requires more than one performance obligation, the total amount of consideration to be received is allocated to distinct products or services deliverables based on the stand-alone selling price of each.

Revenue from sale of products is recognized based on individual contract terms at the point in time when control of the product transfers to the customers, which usually occurs at the time shipment is made, subject to customer acceptance provisions. The Company's product is purchased with a standard warranty and there is no option to purchase any additional warranty coverage.

Revenue for services is recognized when the service is rendered.

Edgewater Wireless Systems Inc.

Notes to Consolidated Financial Statements

Years Ended April 30, 2024 and 2023

(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

p) Revenue recognition (continued)

Payment is typically due within 30 days of shipment, with limited customers being granted extended terms of up to 60 days, and consideration is generally fixed and does not contain any significant financing components. Payments received in advance of the satisfaction of the Company's revenue recognition criteria are recorded as deferred revenue.

The Company applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

Incremental costs to obtain a contract are typically short-term in nature and the Company applies the practical expedient permitted under IFRS 15 to recognize such costs as an expense when incurred if the amortization of the asset that the Company would have otherwise recognized is less than one year.

q) Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the dilutive effects of all potential common share issuances relating to outstanding warrants, convertible debentures and stock options.

4. SHORT-TERM INVESTMENT

At April 30, 2024, the Company had invested \$11,010 in a guaranteed investment certificate bearing an annual interest rate of 4.25% and maturing in February 2025.

5. AMOUNTS RECEIVABLE

The composition of amounts receivable was as follows:

	As at April 30, 2024	As at April 30, 2023
Trade receivables (net)	\$ -	\$ 5,778
HST receivables	8,460	18,783
	\$ 8,460	\$ 24,561

6. PROPERTY AND EQUIPMENT

Cost	Laboratory equipment	Computer hardware	Furniture and fixtures	Total
Balance at April 30, 2022	\$ 175,586	\$ 117,219	\$ 10,799	\$ 303,604
Additions	-	510	-	510
Balance at April 30, 2023	\$ 175,586	\$ 117,729	\$ 10,799	\$ 304,114
Additions	-	546	-	546
Balance at April 30, 2024	\$ 175,586	\$ 118,275	\$ 10,799	\$ 304,660

Edgewater Wireless Systems Inc.

Notes to Consolidated Financial Statements

Years Ended April 30, 2024 and 2023

(Expressed in Canadian Dollars)

6. PROPERTY AND EQUIPMENT (continued)

Accumulated Depreciation	Laboratory equipment	Computer hardware	Furniture and fixtures	Total
Balance at April 30, 2022	\$ 175,586	\$ 114,462	\$ 10,799	\$ 300,847
Depreciation	-	1,315	-	1,315
Balance at April 30, 2023	\$ 175,586	\$ 115,777	\$ 10,799	\$ 302,162
Depreciation	-	1,359	-	1,359
Balance at April 30, 2024	\$ 175,586	\$ 117,136	\$ 10,799	\$ 303,521

Net Book Value	Laboratory equipment	Computer hardware	Furniture and fixtures	Total
Balance at April 30, 2023	\$ -	\$ 1,952	\$ -	\$ 1,952
Balance at April 30, 2024	\$ -	\$ 1,139	\$ -	\$ 1,139

The following table presents the depreciation expense by function for the years ended April 30, 2024 and 2023:

	Year Ended April 30,	
	2024	2023
General and administrative	\$ 1,253	\$ 1,186
Product development	106	129
	\$ 1,359	\$ 1,315

7. RIGHT-OF-USE ASSET

Office right-of-use asset

Balance at April 30, 2022	\$ 51,377
Amortization	(17,126)
Balance at April 30, 2023	\$ 34,251
Amortization	(17,124)
Balance at April 30, 2024	\$ 17,127

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at April 30, 2024	As at April 30, 2023
Trade accounts payable and accruals	\$ 935,558	\$ 1,308,290
Accrued vacation pay	33,277	53,511
Accrued salaries	441,105	334,616
	\$ 1,409,940	\$ 1,696,417

Edgewater Wireless Systems Inc.

Notes to Consolidated Financial Statements

Years Ended April 30, 2024 and 2023

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9. LEASE LIABILITY

The Company entered into a three-year office lease at its 11 Hines Road location in Kanata, Ontario with the facility being fully available on May 1, 2022. As at April 30, 2024, the present value of the lease using a 15% discount rate was \$19,732. The lease matures on April 30, 2025.

Balance at April 30, 2022	\$	51,377
Interest expense		6,727
Lease payments		(21,372)
Balance at April 30, 2023	\$	36,732
Interest expense		4,372
Lease payments		(21,372)
Balance at April 30, 2024	\$	19,732

Allocated as:

	As at April 30, 2024	As at April 30, 2023
Current	\$ 19,732	\$ 17,000
Non-current	-	19,732
Total lease liability	\$ 19,732	\$ 36,732

The maturity analysis of the undiscounted contractual balances of the lease liability is as follows:

	As at April 30, 2024	As at April 30, 2023
Less than one year	\$ 21,372	\$ 21,372
More than one year	-	21,372
	\$ 21,372	\$ 42,744

10. NOTES AND LOAN PAYABLE

	As at April 30, 2024	As at April 30, 2023
Loan payable to the Government of Canada under the Canada Emergency Business Account (CEBA) program bearing interest of 5.0% per annum, due on December 31, 2026.	\$ 60,000	\$ 37,117
Note payable issued September 2015 non-interest bearing, effective rate of 6.0% per annum, payable on demand in one payment of \$12,494 (Euro 8,502).	12,494	12,702
	\$ 72,494	\$ 49,819
Less: current portion	(12,494)	(49,819)
	\$ 60,000	\$ -

Edgewater Wireless Systems Inc.

Notes to Consolidated Financial Statements

Years Ended April 30, 2024 and 2023

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10. NOTES AND LOAN PAYABLE (continued)

During the year ended April 30, 2021, the Company applied and received \$60,000 under the CEBA program offered by the Government of Canada. The CEBA loan has no repayment terms and are non-interest bearing during the initial term, until January 18, 2024. The Company has applied an interest rate of 12% in calculating the fair value of the interest free loan, and the \$22,883 residual was initially recorded as deferred government assistance.

On January 18, 2024, the remaining outstanding loan balance was converted into a term loan at fixed interest rate of 5% per annum, due on December 31, 2026. If \$40,000 of the loan is repaid by January 18, 2024, the remaining \$20,000 of the loan will be forgiven. If the Company applies for refinancing with the financial institution that provided the loan by January 18, 2024, the Company may still qualify for the \$20,000 loan forgiveness, if \$40,000 of the loan and any outstanding interest is paid back by March 28, 2024. The Company did not qualify for the \$20,000 loan forgiveness, and the interest free loan initially recorded as deferred government assistance was reclassified as loan payable subsequent to March 28, 2024.

Financial Liabilities	Notes and loan payable	Government Assistance	Total
Balance at April 30, 2022	\$ 148,630	\$ 22,883	\$ 171,513
Repayment of notes payable	(100,000)	-	(100,000)
Foreign exchange adjustments	1,189	-	1,189
Balance at April 30, 2023	\$ 49,819	\$ 22,883	\$ 72,702
Repayment of notes payable	(492)	-	(492)
Interest expense	492	-	492
Foreign exchange adjustments	(208)	-	(208)
Reclassification	22,883	(22,883)	-
Balance at April 30, 2024	\$ 72,494	\$ -	\$ 72,494

11. CONVERTIBLE DEBENTURES

On September 1, 2022, the Company issued non-secured convertible debentures for proceeds of \$716,000 which mature on September 1, 2025 ("convertible debentures"). The convertible debentures bear annual interest at 10%, payable quarterly, in shares or cash, at the discretion of management. If the Company elects to pay in shares, the interest payments are based on the price per share which equals the higher of (i) the market price on the date the interest becomes payable or (ii) the volume weighted average trading price of the Company's shares for ten (10) consecutive trading days preceding the date the interest becomes payable. The principal of the convertible debentures is convertible, as described below, into Units which represent one common share and one warrant to purchase one common share at an exercise price of \$0.23 for a period of three years after September 1, 2022. The Company can elect to accelerate expiry of the Warrant if the volume weighted average trading price of the Company's shares exceeds \$0.30 for ten consecutive trading days. The principal is convertible to Units at the option of the holders at any time after January 1, 2023 and at the option of the Company at any time after September 1, 2023 at \$0.12 per Unit. The Company has the option to prepay the convertible debentures and accrued but unpaid interest at any time after September 1, 2023.

The convertible debentures, which are hybrid instruments, were initially elected to be recognized at fair value through profit and loss. On initial recognition, the liability component of the convertible debentures was valued at \$538,214 determined by the sum of the fair values of the host debt and the net conversion and redemption feature. The host debt was valued at \$611,732 based on the terms above and selected market yield of 30%. The net conversion and redemption feature was valued at \$73,518 using the following assumptions: interest rate of 10%, unit price of \$0.08, exercise price of \$0.12, discount rate of 30%, volatility of 100%, risk-free rate of 3.51%, and expected life of 1 year. The unit price is determined as the share price plus the fair value of each warrant. Each warrant was valued at \$0.01 using the barrier option model as they are subject to an acceleration feature if the volume weighted average price of the shares exceed \$0.30 for 10 consecutive days. The following assumptions were used: share price of \$0.07, exercise price of \$0.23, barrier of \$0.30, rebate of \$0.07, volatility of 85%, risk-free rate of 3.54%, and expected life of 3 years.

Edgewater Wireless Systems Inc.

Notes to Consolidated Financial Statements

Years Ended April 30, 2024 and 2023

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11. CONVERTIBLE DEBENTURES (continued)

Since the convertible debentures were entered into with non-arm's length related parties, the difference between the fair value at inception and the proceeds received from the convertible debentures of \$177,786 was recognized as a capital contribution and included in contributed surplus.

The redemption feature of the convertible debentures became effective on September 1, 2023. As such, the Company holds the discretion to force the conversion of the host debt into units if the price per unit falls below \$0.12. Since the fair value of units is below \$0.12 as of the valuation date, the fair value of the convertible debentures is determined to equal to fair value of the units. As at April 30, 2024, the liability component of the convertible debentures was valued at \$181,834. Each warrant was valued at \$0.0005 using the barrier option model with the following assumptions: share price of \$0.03, exercise price of \$0.23, barrier of \$0.30, rebate of \$0.07, volatility of 85%, risk-free rate of 5.18%, and expected life of 1.34 years.

The following table depicts the activity related to the convertible debentures for the years ended April 30, 2024 and 2023.

	Convertible Debentures	Contributed Surplus
Balance at April 30, 2022	\$ -	\$ -
Fair value of hybrid instrument at inception	538,214	177,786
Non-credit risk fair value adjustment	(143,396)	-
Settlement of interest through issuance of common shares (note 13)	(35,505)	-
Balance at April 30, 2023	\$ 359,313	\$ 177,786
Non-credit risk fair value adjustment	(123,533)	-
Settlement of interest through issuance of common shares (note 13)	(53,946)	-
Balance at April 30, 2024	\$ 181,834	\$ 177,786
Allocated as:		
Non-current		181,834
Balance, April 30, 2024		\$ 181,834

12. RELATED PARTY TRANSACTIONS

During the years ended April 30, 2024 and 2023, the Company paid no amounts to directors or senior management of the Company other than as remuneration in their capacity as directors or employees or reimbursement of expenses incurred traveling in the performance of their duties. The Company's compensation program provides that total compensation for senior management may include a combination of base salary, and objective-based incentives as well as the same health and insurance benefit programs as provided to all other employees. All directors and officers are eligible to receive stock options (see note 13(d)).

Senior management personnel are not entitled to any post-employment benefits other than those available to all employees.

During the year ended April 30, 2024, the directors and officers were granted 2,000,000 options (year ended April 30, 2023 – 1,150,000) and share-based payments of \$52,118 (year ended April 30, 2023 – \$81,821) were expensed as general and administrative.

1,000,000 Units issued in the 2023 Private Placement (note 13) were issued to an officer of the Company.

Accounts payable and accrued liabilities at April 30, 2024 includes \$1,969 (April 30, 2023 - \$3,386) due to related parties.

Edgewater Wireless Systems Inc.

Notes to Consolidated Financial Statements

Years Ended April 30, 2024 and 2023

(Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS (continued)

	Year Ended April 30,	
	2024	2023
Compensation and benefits	\$ 216,414	\$ 239,786
Share-based payments	52,118	81,821
	\$ 268,532	\$ 321,607

13. SHARE CAPITAL

a) Authorized

- Unlimited number of common shares of no par value;
- 1,600,000 convertible preferred shares Series 1; and
- Unlimited number of convertible voting preferred shares Series 2.

b) Issued

	Number of common shares	Amount
Balance at April 30, 2022	186,963,263	\$ 36,088,391
Shares issued to settle interest on convertible debentures (note 11)	602,851	35,505
Share issuance costs	-	(5,178)
Balance at April 30, 2023	187,566,114	\$ 36,118,718
Shares issued to settle interest on convertible debentures (note 11)	1,052,777	53,946
Shares issued in private placement	8,330,000	340,338
Share issuance costs	-	(9,922)
Balance at April 30, 2024	196,948,891	\$ 36,503,080

On December 20, 2023, the Company closed the first tranche of its non-brokered private placement (the "2023 Private Placement") of 7,830,000 units of the Company (the "Units") at a price of \$0.05 per Unit, for gross proceeds of \$391,500. Each Unit is comprised of one common share and one common share purchase warrant (a "Warrant") of the Company. Each Warrant is exercisable into one common share at a price of \$0.10 per share for a period of 24 months from the date of issuance.

The gross proceeds of \$391,500 were allocated between share capital (in the amount of \$322,587) and the warrant reserve (in the amount of \$68,913) on a relative fair value basis. The Company incurred share issuance costs of \$9,958, out of which \$8,205 related to the common share portion was recorded as a reduction of share capital and \$1,753 related to the warrant portion was recorded as a reduction to the warrant reserve.

On February 26, 2024, the Company closed the final tranche of its non-brokered private placement (the "2024 Private Placement") of 500,000 Units at a price of \$0.05 per Unit, for gross proceeds of \$25,000. Each Unit is comprised of one common share and one Warrant of the Company. Each Warrant is exercisable into one common share at a price of \$0.10 per share for a period of 24 months from the date of issuance.

The gross proceeds of \$25,000 were allocated between share capital (in the amount of \$17,751) and the warrant reserve (in the amount of \$7,249) on a relative fair value basis. The Company incurred share issuance costs of \$2,418, out of which \$1,717 related to the common share portion was recorded as a reduction of share capital and \$701 related to the warrant portion was recorded as a reduction to the warrant reserve.

There were no preferred shares of either series issued or outstanding at the dates of the statements of financial position presented.

Edgewater Wireless Systems Inc.

Notes to Consolidated Financial Statements

Years Ended April 30, 2024 and 2023

(Expressed in Canadian Dollars)

13. SHARE CAPITAL (continued)

c) Warrants

The following table reflects the continuity of warrants for the years ended April 30, 2024 and 2023:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, April 30, 2022	29,780,881	0.23
Expired	(555,852)	0.23
Balance, April 30, 2023	29,225,029	0.23
Issued	8,410,500	0.10
Expired	(12,000,396)	0.24
Balance, April 30, 2024	25,635,133	0.19

On December 20, 2023, as part of the closing of the 2023 Private Placement, the Company issued 7,830,000 warrants, exercisable into one additional common share at a price of \$0.10 per share for a period of 24 months from the date of issuance. The Company issued an additional 45,500 finder's warrants with the same terms as above in connection with the closing of the 2023 Private Placement.

The value allocated to 7,830,000 warrants was determined to be \$68,913 based on the relative fair value between the fair value of the common shares and the fair value of warrants issued in 2023 Private Placement. The fair value of the warrants was determined using the Black-Scholes option pricing model with the following assumptions: share price of \$0.40, dividend yield of 0%, volatility of 90%, risk-free rate of 3.94%, and expected life of 2 years. The fair value of 45,500 finder's warrants was determined to be \$483 using the Black-Scholes option pricing model with the same assumptions as above, of which \$398 related to the common share portion is recorded as a reduction to share capital and \$85 related to the warrant portion is recorded as a reduction to warrant reserves on a relative fair value basis.

On February 26, 2024, as part of the closing of the 2024 Private Placement, the Company issued 500,000 warrants, exercisable into one additional common share at a price of \$0.10 per share for a period of 24 months from the date of issuance. The Company issued an additional 35,000 finder's warrants with the same terms as above in connection with the closing of the 2023 Private Placement.

The value allocated to 500,000 warrants was determined to be \$7,249 based on the relative fair value between the fair value of the common shares and the fair value of warrants issued in 2024 Private Placement. The fair value of the warrants was determined using the Black-Scholes option pricing model with the following assumptions: share price of \$0.40, dividend yield of 0%, volatility of 128.6%, risk-free rate of 4.2%, and expected life of 2 years. The fair value of 35,000 finder's warrants was determined to be \$668 using the Black-Scholes option pricing model with the same assumptions as above, of which \$474 related to the common share portion is recorded as a reduction to share capital and \$194 related to the warrant portion is recorded as a reduction to warrant reserves on a relative fair value basis.

The following table reflects the actual warrants issued and outstanding as at April 30, 2024:

Expiry Date	Exercise Price(\$)	Number of Options Outstanding
March 30, 2025 (i)	0.23	6,316,405
April 1, 2025 (iii)	0.23	9,681,189
April 26, 2025 (ii)(iv)	0.23	1,227,039
December 20, 2025	0.10	7,875,500
February 26, 2026	0.10	535,000
	0.19	25,635,133

Edgewater Wireless Systems Inc.

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13. SHARE CAPITAL (continued)

c) Warrants (continued)

- i) 6,316,405 warrants issued in March 2021 due to expire on March 30, 2024 were extended for one year such that the new expiry date is March 31, 2025, all other terms remaining unchanged. The incremental fair value of the warrants as a result of the extension of \$38,530 was recorded as an increase to warrants on the statement of financial position, and the offsetting entry was recorded in deficit. The fair value of the warrants extended was estimated using the Black-Scholes model calculated for the difference between the extended period and the remaining period when the decision was taken to extend the warrants. The following assumptions were used for the two periods, respectively: share price of \$0.05, dividend yield of 0%, volatility of 119.4% and 136.44%, risk-free rate of 4.31%, and expected life of 1.04 and 0.04 years.
- ii) 669,647 warrants issued in March 2021 due to expire on April 26, 2024 were extended for one year such that the new expiry date is April 26, 2025, all other terms remaining unchanged. The incremental fair value of the warrants as a result of the extension of \$4,217 was recorded as an increase to warrants on the statement of financial position, and the offsetting entry was recorded in deficit. The fair value of the warrants extended was estimated using the Black-Scholes model calculated for the difference between the extended period and the remaining period when the decision was taken to extend the warrants. The following assumptions were used for the two periods, respectively: share price of \$0.05, dividend yield of 0%, volatility of 117.33% and 172.89%, risk-free rate of 4.31%, and expected life of 1.11 and 0.11 years.
- iii) 9,681,189 warrants issued in April 2021 due to expire on April 1, 2024 were extended for one year such that the new expiry date is April 1, 2025, all other terms remaining unchanged. The incremental fair value of the warrants as a result of the extension of \$61,959 was recorded as an increase to warrants on the statement of financial position, and the offsetting entry was recorded in deficit. The fair value of the warrants extended was estimated using the Black-Scholes model calculated for the difference between the extended period and the remaining period when the decision was taken to extend the warrants. The following assumptions were used for the two periods, respectively: share price of \$0.05, dividend yield of 0%, volatility of 121.26% and 129.44%, risk-free rate of 4.31%, and expected life of 1.04 and 0.04 years.
- iv) 557,692 warrants issued in April 2021 due to expire on April 26, 2024 were extended for one year such that the new expiry date is April 26, 2025, all other terms remaining unchanged. The incremental fair value of the warrants as a result of the extension of \$4,183 was recorded as an increase to warrants on the statement of financial position, and the offsetting entry was recorded in deficit. The fair value of the warrants extended was estimated using the Black-Scholes model calculated for the difference between the extended period and the remaining period when the decision was taken to extend the warrants. The following assumptions were used for the two periods, respectively: share price of \$0.05, dividend yield of 0%, volatility of 123.73% and 172.89%, risk-free rate of 4.31%, and expected life of 1.11 and 0.11 years.

The Company recorded a total of \$108,889 adjustment to warrants reserve and deficit.

d) Stock options

The Company's stock option plan provides that total options outstanding be limited to a maximum of 10% of the issued and outstanding common shares, calculated at the time of each grant. Options may be granted to Directors, employees or consultants at the discretion of the Board. The plan further provides that vesting requirements, pricing and term are all established, at the discretion of the Board of Directors, at the time of each grant, subject to a maximum term of 10 years and any regulatory restrictions.

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Notes to Consolidated Financial Statements

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13. SHARE CAPITAL (continued)

d) Stock options (continued)

The following table reflects the continuity of stock options for the years ended April 30, 2024 and 2023:

	Number of Stock Options	Weighted Average Exercise Price (\$)
Balance, April 30, 2022	13,985,001	0.16
Granted	1,540,000	0.08
Expired	(70,000)	0.25
Balance, April 30, 2023	15,455,001	0.16
Granted	2,900,000	0.05
Expired	(2,710,000)	0.13
Balance, April 30, 2024	15,645,001	0.14

On November 22, 2022, the Company granted 1,540,000 options, exercisable at a price of \$0.08 per share to certain employees, consultants and directors of the Company, expiring November 22, 2030. 1,530,000 of these options will vest 33% immediately, 33% on the first anniversary of the date of grant, and 34% on the second anniversary of the date of grant. 100,000 of these options will vest 25% on each of February 22, 2023, May 22, 2023, August 22, 2023 and November 22, 2023. The fair value of these options was determined to be \$78,540 using the Black-Scholes option pricing model with the following assumptions: share price of \$0.075, dividend yield of 0%, expected volatility of 85%, risk-free interest rate of 3.86% and expected life of 5 years.

On February 16, 2024, the Company granted 2,900,000 options, exercisable at a price of \$0.05 per share to certain employees, consultants and directors of the Company, expiring February 16, 2029. 2,450,000 of these options will vest 33% immediately, 33% on the first anniversary of the date of grant, and 34% on the second anniversary of the date of grant. 250,000 of these options will vest 40% immediately, 30% on the first anniversary of the date of grant, and 30% on the second anniversary of the date of grant. 200,000 of these options will vest 25% on each of May 16, 2024, August 16, 2024 and November 16, 2024 and February 16, 2024. The fair value of these options was determined to be \$98,310 using the Black-Scholes option pricing model with the following assumptions: share price of \$0.04, dividend yield of 0%, expected volatility of 128.62%, risk-free interest rate of 3.67% and expected life of 5 years.

During the year ended April 30, 2024, share-based payments of \$74,613 (year ended April 30, 2023 – \$108,285) were expensed as general and administrative.

The following table reflects the actual stock options issued and outstanding as at April 30, 2024:

Expiry Date	Exercise Price(\$)	Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
December 15, 2024	0.05	0.63	2,300,001	2,300,001
December 15, 2025	0.27	1.63	1,405,000	1,405,000
February 16, 2027	0.31	2.80	1,865,000	1,865,000
November 7, 2028	0.16	4.53	2,185,000	2,185,000
February 16, 2029	0.05	4.80	2,900,000	908,500
April 28, 2029	0.14	5.00	2,000,000	2,000,000
June 15, 2029	0.135	5.13	1,450,000	1,450,000
November 22, 2030	0.08	6.57	1,540,000	1,050,400
	0.14	3.86	15,645,001	13,163,901

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14. NET LOSS PER COMMON SHARE

The calculation of basic and diluted loss per share for the year ended April 30, 2024 was based on the loss attributable to common shareholders of \$90,672 (year ended April 30, 2023 - \$799,444 and the weighted average number of basic common shares outstanding of 191,104,530 (year ended April 30, 2023 - 187,109,540). For the years April 30, 2024 and 2023, all potential dilutive stock options and warrants were excluded from the diluted loss per share calculations as they are anti-dilutive.

15. INCOME TAXES

Deferred income taxes reflect the impact of losses carried forward and of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws. Presented below is a summary of the movement in deferred tax assets (liabilities) for the years ended April 30, 2024 and 2023:

	Year Ended April 30,	
	2024	2023
Convertible debentures	\$ -	\$ (94,522)
Non-capital losses carried forward	5,752,756	94,522
Capital losses carried forward	1,229,231	-
Share issue costs and other	9,384	-
Non-current assets	53,252	-
Deferred tax asset	7,044,623	-
Less: deferred tax assets not recognized	(7,044,623)	-
Deferred tax asset (liability), net	\$ -	\$ -

Deferred tax recoveries and the corresponding deferred tax assets are only recognized when it is probable that future taxable profit will be available to utilize the benefits. Due to the uncertainty of future income, the Company has not recognized any deferred tax assets in respect of the following items:

	As at April 30, 2024	As at April 30, 2023
Non-capital losses carried forward	\$ 21,708,514	\$ 20,874,157
Net capital losses carried forward	4,638,607	4,638,607
Scientific research and experimental development	1,773,990	1,773,990
Fixed assets and development costs	200,952	376,708
Common shares and warrant issuance costs	35,411	50,233
	\$ 28,357,474	\$ 27,713,695

Income tax expense varies from the amount that would be computed by applying the basic federal and provincial income tax rates to the net loss, as follows:

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15. INCOME TAXES (continued)

	Year Ended April 30,	
	2024	2023
Net income before taxes	\$ (90,672)	\$ (799,444)
Tax rate	26.5 %	26.5 %
Expected Canadian income tax recovery	(24,028)	(211,853)
Changes in unrecognized temporary differences	170,601	123,267
Loan warrant difference and other	(7,376)	59,891
Stock based compensation	19,772	28,695
Loss carryforward	(32,387)	-
Change in prior year loss carry forward	(126,582)	-
Income tax expense	\$ -	\$ -

At April 30, 2024, the Company had non-capital losses available to reduce future years' income for Canadian tax purposes which expire as follows:

Available until	Amount
2027	\$ 529,598
2031	21,937
2032	380,283
2033	3,890,348
2034	203,857
2035	1,447,681
2036	1,349,543
2037	1,811,056
2038	2,736,026
2039	2,613,474
2040	2,262,672
2041	1,468,030
2042	904,447
2043	954,720
2044	534,958
	\$ 21,108,630

The Company has federal and provincial investment tax credits of \$449,173 available to reduce future years' income tax payable for Canadian tax purposes which begin to expire in 2032.

16. OPERATING SEGMENTS

The Company's Chief Executive Officer ("CEO") has been identified as the chief operating decision maker. The CEO evaluates the performance of the Company and allocates resources based on the information provided by the Company's internal management system at a consolidated level. The Company has determined that it has only one operating segment.

The Company derives all of its revenues from a single product segment comprised of silicon solutions, wireless access points, associated peripherals and support services. The Company derives its revenues globally and all sales are attributed to the Canadian head office. All of the Company's assets are in Canada. The same products and services are offered for sale in all geographic regions at the same average gross margins.

The Company's revenues were derived from the following regions:

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16. OPERATING SEGMENTS (continued)

	Year Ended April 30,	
	2024	2023
North America (Canada, U.S.)	\$ 1,749	\$ 7,574
Europe	11,605	-
	\$ 13,354	\$ 7,574

17. NATURE OF EXPENSES

The consolidated statements of loss and comprehensive loss presents the expenses of the Company categorized by their function. The table below provides supplementary information regarding some of the major expenses categorized by their nature.

	Year Ended April 30,	
	2024	2023
Compensation, employees and directors	\$ 303,638	\$ 364,592
Advertising and promotion	-	24,694
Depreciation and amortization	18,483	18,441
Consulting fees	122,151	181,068
Materials	-	2,123
Travel	12,908	40,691
Professional, legal and regulatory fees	153,869	183,304
Office and administrative	81,113	101,911
	\$ 692,162	\$ 916,824

The consulting fees above include an offset relating to \$nil (year ended April 30, 2023 - \$29,290) of government assistance received during the year ended April 30, 2024.

18. CONTINGENCIES

The Company is aware of a possible claim that may exist against the Company which relates to a fractional interest that one of the predecessor companies to EWSI had acquired in an oil well. The history of this transaction dates from the 1980's. Initially, the potential claimant proposed a quit claim settlement which the Company agreed to in an amount of \$6,991. Settlement is pending, no estimate of any additional claims can be made at this time. That amount has been established in accrued liabilities. There have been no developments during the year ended April 30, 2024.

19. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. Capital consists of notes payable and total equity, less amounts accumulated in equity related to share-based payments to employees and consultants. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company remains dependent on external financing to fund its activities. In order to sustain its operations, the Company plans to raise additional amounts as needed until the business generates sufficient revenues to be self-sustaining. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There has been no change from the prior year in the way capital is managed.

Edgewater Wireless Systems Inc.

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20. FINANCIAL INSTRUMENTS

The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

a) Fair value

Company's fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are:

- Level 1: values are based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;
- Level 2: values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability; and
- Level 3: values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. When the inputs used to measure fair value fall within more than one level of the hierarchy, the level within which the fair value measurement is categorized is based on the Company's assessment of the lowest level input that is the most significant to the fair value measurement.

The fair value of cash is assessed a Level 1, amounts receivable, accounts payable and accrued liabilities approximate their carrying values due to their short-term nature are assessed at Level 2. The fair values of notes and loan payable approximate their carrying values as the rate of interest charged is consistent with market rates and assessed at a Level 2.

There have been no changes from the prior year in the Company's exposure or responses to financial risk.

b) Credit risk

Credit risk is the risk of loss associated with the debtor's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and trade receivables. Cash and cash equivalents, if any, include investment-grade short term guaranteed investment certificates which have been invested with the Company's banking institution, from which management believes the risk of loss to be minimal. Management believes that the credit risk concentration with respect to trade receivables is minimal. Credit terms vary among customers. Depending on circumstances, the Company's typical policy would usually provide for up to a 30% deposit upon receipt of an order with the balance due 30-90 days after delivery. Standard practice also includes the seeking of an approved credit limit under a receivables insurance policy with Export Development Canada which can provide coverage of up to 90%.

c) Liquidity risk

The Company's approach to managing liquidity risk is to endeavor to have sufficient liquidity to meet liabilities when due. As at April 30, 2024, the Company had cash of \$99,393 (April 30, 2023 - \$81,098) to settle current liabilities of \$1,694,285 (April 30, 2023 - \$2,050,269). The following are contractual maturities of cash flows for financial liabilities at April 30, 2024:

	Total Value	3 Months	3-12 Months	1-3 Years
Accounts payable and accrued liabilities	\$ 1,409,940	\$ 33,277	\$ 1,376,663	\$ -
Convertible debentures	823,400	17,900	53,700	751,800
Notes and loan payable	72,494	12,494	-	60,000
Total	\$ 2,305,834	\$ 63,671	\$ 1,430,363	\$ 811,800

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20. FINANCIAL INSTRUMENTS (continued)

d) Market risk

Market risk is the risk of loss that may arise from changes in interest rates, foreign exchange rates and commodity prices.

(i) Interest rate risk

The Company is not exposed to any significant interest rate risk.

(ii) Currency risk

The Company's functional currency is the Canadian dollar. The majority of expenses are transacted in Canadian dollars whereas the revenues in the 2024 fiscal year were transacted in US dollars. A portion of the Company's revenues and some operating costs are realized in other currencies primarily the U.S. dollar. As a result, the Company is exposed to currency risk on these transactions. Also, additional earnings volatility arises from the translation of monetary assets and liabilities denominated in foreign currencies at the rate of exchange on each date of the consolidated statements of financial position; the impact of which is reported as a foreign exchange gain or loss.

The Company's objective in managing its currency risk is to minimize its exposure to currencies other than its functional currency. The Company does so by attempting to match foreign denominated assets with foreign denominated liabilities.

The Company is primarily exposed to fluctuations between the U.S. and Canadian dollars. For the year ended April 30, 2024, if the U.S. dollar had strengthened 1% against the Canadian dollar with all other variables held constant, pre-tax loss for the year would have been approximately \$14,000 higher (year ended April 30, 2023 - \$5,000 higher). Conversely, if the U.S. dollar had weakened by this same amount against the Canadian dollar with all other variables held constant, there would have been an equal, and opposite impact, on pre-tax loss.

At April 30, 2024, the Company had the following balances denominated in foreign currency: cash of US\$999; accounts payable and accrued liabilities of US\$204,725 and notes payable of EUR €8,502.

21. SUBSEQUENT EVENT

The Company issued 357,016 shares in June 2024 in respect to debenture interest payments which are due on a quarterly basis.