QUANTUM SECURE ENCRYPTION CORP.
(Formerly SCOPE TECHNOLOGIES CORP.)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

The following Management's Discussion and Analysis ("MD&A") of the operating results and financial condition of Quantum Secure Encryption Corp. (the "Company") is for the year ended September 30, 2025 and is dated as of February 5, 2026. On December 3, 2025, the Company changed its name from Scope Technologies Corp. to Quantum Secure Encryption Corp. This MD&A was prepared to conform to National Instrument ("NI") 51-102F1 and was approved by the Board of Directors prior to its release and should be read in conjunction with the Company's audited consolidated financial statements for the years ended September 30, 2025 and 2024, and the accompanying notes, which have been prepared in accordance with International Financial Accounting Standards. The Company's functional and reporting currency is the Canadian dollar, and all dollar amounts included herein are in Canadian dollars, unless otherwise indicated.

Forward Looking Statements

This MD&A contains forward-looking statements. These statements relate to future events or future performance and reflect our expectations and assumptions regarding our growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect our current beliefs and are based on information currently available to us. In some cases, forward-looking statements can be identified by terminology such as "may", "would", "could", "will", "should", "expect", "plan", "intend", "anticipate", "believe", "estimate", "predict", "potential", "continue" or the negative of these terms or other similar expressions concerning matters that are not historical facts. The forward-looking statements in this MD&A include, among others, statements regarding (i) future operating results, (ii) revenue generated from the QSE Platform, (iii) the anticipated time frame to commercialize the GEM Platform and complete additional upgrades to the QSE Platform, (iv) the Company's ability to obtain market share, (v) general economic performance of the Company.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual performance or achievements to differ materially from anticipate results, performance or achievements expressed or implied by such forward looking statements. The risks and uncertainties that affect forward-looking statements include, but are not limited to:

- our expected future losses and accumulated deficit levels;
- our projected financial position and estimated cash burn rate;
- our ability to continue as a going concern;
- our requirement for, and our ability to obtain, future financing on favorable terms or at all;
- our potential sources of financing to fund ongoing operations;
- our assessment of market acceptance of the QSE product suite and the GEM Platform;
- our plans to market, sell and distribute the QSE product suite and GEM Platform;
- our expectations with respect to future corporate alliances and licensing transactions with third parties;
- our strategy with respect to the protection of our intellectual property;
- the regulatory approval process;
- our ability to successfully compete in our targeted markets;
- our ability to adequately protect proprietary information and technology from competitors;
- our ability to attract and retain key personnel;
- the potential for liability claims; and
- the substantial risks involved in early-stage technology development related to, among other things, commercialization, capitalization, cost containment, and potential litigation.

A number of factors and assumptions could cause actual events, performance, or results, including those in respect of the foregoing items, to differ materially from the events, performance and results discussed in the forward-looking statements. Material factors and assumptions that could cause actual events, performance, or results to differ materially from those set forth in the forward-looking statements include, but are not limited to:

- the effect of continuing operating losses on our ability to obtain, on satisfactory terms, or at all, the capital required to maintain the Company as a going concern;
- the ability to obtain sufficient and suitable financing to support operations, development, and commercialization of the GEM Platform and the continued upgrade to the QSE Platform;
- the ability of the Company to retain qualified personnel to continue the development and/or upgrades to the Company's GEM and QSE Platforms;
- the ability to generate market acceptance of the Company's product suite under the QSE Platform;
- the loss of the Company's sole customer on the QSE Platform; and
- the increase in operating costs from additional development and commercialization costs and increased staff.

Although the forward-looking statements contained in this MD&A are based on what we consider to be reasonable assumptions based on information currently available to us, there can be no assurance that actual events, performance, or results will be consistent with these forward-looking statements, and our assumptions may prove to be incorrect. These forward-looking statements are made as of the date of this MD&A.

Forward-looking statements made in this MD&A are made as of the date of the original document and have not been updated by us except as expressly provided for in this MD&A. As required by applicable securities legislation, in its capacity as a reporting issuer, it is the Company's policy to update forward-looking information in its periodic MD&As, as required from time to time, and provide updates on its activities to the public through the filing and dissemination of news releases and material change reports.

SUMMARY OF OVERALL PERFORMANCE

Quantum Secure Encryption Corp, based in Vancouver, British Columbia, is focused on developing a product suite for post-quantum data security. The Company's core platform delivers quantum-secure encryption, immutable decentralized storage, secure data-in-transit solutions, and quantum-resilience services designed to protect sensitive information against current and future cyber attacks (the "QSE platform"). The Company also enhanced its data security product offering with its acquisition of Indian-based cybersecurity security offering "Cloud Codes".

Quantum resilient entropy is an advanced security measure designed to protect data against the future threats posed by quantum computing, ensuring that sensitive information remains secure in an increasingly digital world. The QSE platform offers API-based quantum-resilient entropy as a service and encrypted cloud, on-premise, and decentralized storage solutions. At its core, the platform provides a proprietary high-performance data-pipeline that can scale vertically and horizontally to protect private, business, and government applications with highly sensitive data in transit and at rest which protects digital assets against current and future cyber security threats and quantum-computing decryption attacks.

The Company also has a general machine learning platform provides an intuitive, AI-driven environment for companies to build and deploy custom machine learning models and image recognition systems. GEM democratizes access to artificial intelligence, enabling businesses, regardless of technical expertise, to unlock the power of AI and scale their operations with ease. Previously, the GEM platform was the Company's "image recognition technology". In response to accelerated advancements in quantum computing, GEM development has temporarily been paused to focus exclusively on increasing the customer base for quantum resilient entropy and security solutions.

During the year ended September 30, 2025 and to the date of this MD&A, the Company accomplished the following:

- In November 2025, the Company earned Level 2 certification under the CyberSecure Canada program administered by Cyber Security Canada.

- On November 5, 2025, the Company closed a non-brokered private placement and issued 7,894,746 units at a price of $0.38 per unit for gross proceeds of $3,000,000. Each unit consisted of one common share and one-half warrant, with each whole warrant exercisable at $0.60 per share until November 5, 2028.

- On September 9, 2025, the Company acquired Plurilock Security Private Limited (“Cloud Codes”) pursuant to the terms of an asset purchase agreement with Plurilock Security Inc. In consideration of Cloud Codes, the Company paid $100,000 and issued a total of 4,200,000 common shares of the Company at a price of $0.34 per share for total consideration of $1,528,000.

- In September 2025, the Company earned Level 1 certification under the CyberSecure Canada program administered by Cyber Security Canada.

- On March 31, 2025, the Company closed the first tranche of a non-brokered private placement and issued 2,000,000 common shares at a price of $0.50 per common share for gross proceeds of $1,000,000. On April 9, 2025, the Company closed the final tranche of this non-brokered private placement and issued 1,000,000 common shares at a price of $0.50 per common share for gross proceeds of $500,000.

- On January 10, 2025, the Company closed a non-brokered private placement and issued 1,285,714 units (“Units”) at a price of $1.40 per Unit for gross proceeds of $1,799,991. Each Unit comprised one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share at an exercise price of $1.80 for a period of two years upon issuance

- Realized gross proceeds of $423,400 through exercise of a total of 705,667 stock options.

- Completed updates for a new retail subscription model, offering full access to encrypted, quantum-resilient, and decentralized cloud storage solutions.

- Launched a subscription model, now offering individuals and small businesses full access to round-trip encrypted and quantum-resilient decentralized cloud storage solutions.

- Signed a Letter of Intent (the "LOI") with Global Care Innovations Inc. ("GCI") and BitLab. This strategic partnership aims to deliver both quantum-secure data solutions and advanced AI-powered tools to healthcare providers across North America, enhancing patient care through cutting-edge technology.

- Entered into master reseller agreements with Cogito Software Co Ltd. and Coegi Cloud Ag (collectively, the “Reseller”) whereby the Company has agreed to sell the QSE services at a discount to the Reseller, which discount increase with a higher volume of purchases, and the Reseller agrees to resell the QSE Services to its customers. The agreements may be terminated on 30 days notice.

- Obtained advancements to its data-in-transit security infrastructure with the installation of new hardware. These updates expand entropy delivery systems across new locations in Europe, Asia, and North America.

- Signed First Majestic Silver Corp. ("First Majestic") as an enterprise client for the Company’s round-trip encrypted, immutable decentralized data storage and quantum-resilient security solutions.

- Began developing the QSE Mobile App, which intends to deliver quantum-resistant encrypted communication and file sharing for individuals, businesses, and enterprises.

- Engaged Percepture, a leading full-service digital marketing and public relations agency as a strategic step to expand the market reach of QSE and drive client acquisition amid the accelerating developments in quantum security via a variety of digital channels including Google Ads, Programmatic Ads, LinkedIn Ads, and SEO advisement.

- Entered into a one year $1,000,000 convertible debt financing from First Majestic. The debt financing included a compound annual interest rate of 4% and the sole right of First Majestic to convert the principal amount of the loan at $1.40 per share and was repaid in full plus accrued interest of $10,259 on March 24, 2025.

- Announced that the QSE platform is fully aligned with the U.S. Department of Health and Human Services' (HHS) proposed updates to the HIPAA Security Rule. These updates aim to address healthcare data security.

- Announced a Quantum Preparedness Assessment (QPA) product, now fully integrated with an industry-standard Risk Management Framework (RMF). Leveraging AI-driven automation, this QPA solution enables organizations to efficiently assess, strategize, and prepare for quantum security threats with greater accuracy and speed.

Acquisition of the QSE Technology

On July 9, 2024, the Company entered into a technology agreement (the “QSE Technology Agreement”) with Ovryde, under which the Company agreed to acquire all of Ovryde’s ownership and rights relating to delivery and application of quantum resilient entropy (the “QSE Technology”) in consideration for $400,000 (paid) and issuance of 2,800,000 common shares (issued) of the Company (the "Consideration Shares").

The Consideration Shares are subject to a four-month resale restriction period and additional voluntary restrictions on resale over a period of twelve months from the date of issue.

As a result of the acquisition of the QSE Technology, the Company is able to offer a product suite consisting of API-based quantum-resilient entropy as a service and encrypted storage solutions. The purpose of the transaction was to strengthen and diversify the Company’s product offering portfolio.

The acquisition of the QSE Technology has been treated as an acquisition of an intangible asset and is not a significant acquisition pursuant to Part 8 of NI 51-102. In addition, IFRS 3 outlines the accounting treatment for an acquisition of a business and, where a transaction does not meet the definition of a business, accounting for an acquisition of assets in accordance with IFRS 3.2(b) or other standards.

Before applying the recognition and measurement guidance in IFRS 3, the Company carried out an assessment whether the QSE Technology met the definition of a business at the acquisition date. Ovryde’s only input and processes are intellectual property programming provided by Ovryde and, to date, the only output has been the creation of the technology stack comprising the QSE Technology. The Company did not acquire ownership of Ovryde nor any rights to future digital products that Ovryde may produce. However, the Company does retain Mr. Prescott, and, prior to closing of the acquisition, was and still remains CTO of the Company, for future additional internal development to the QSE Technology in order to create potential revenue. Ovryde has no physical facilities, employees, marketing systems or sales forces and none were acquired by the Company. The Company has had to hire additional employees to develop the QSE Platform product suite.

The Company determined the purchase price of the QSE Technology based on a number of factors:

(i) The Stage of Development of QSE Technology. At the time of acquisition, the stage of development of the QSE Technology was an existing “technology stack” being software code, which lacked a platform/interface for a product offering. Accordingly, the QSE Technology was comprised of (A) one hundred percent (100%) ownership of a quantum card and an assignment of a license for the software that applies to the quantum card; (B) one hundred percent (100%) ownership of the software for distribution of quantum resilient entropy, being the ability to generate quantum random numbers that meet certain National Institute of Standards and Technology (“NIST”) standards; (C) one hundred percent (100%) ownership of the software for digital storage of data; and (D) a perpetual right to access and use Ovryde’s SaaS platform for the QSE Modules Software.

Ovryde’s SaaS Platform is an existing platform they developed that is used for other business ventures, such as, digital wallets, fiat currency exchange, etc. The Company has not acquired any rights relating to these other business ventures of Ovryde.

(ii) The period and cost for the Company to develop technology similar to the QSE Technology on its own. Given the specialized nature of the QSE Technology, the Company would be unable to develop the QSE Technology on its own. The Company anticipates it would take many years and millions of dollars in development costs. Accordingly, the Company believed that the purchase price of $6,000,000 was reasonable given the fact that there was an existing “technology stack” and the potential cost and ability for the Company to develop a similar type of technology on its own.

(iii) The potential to add a near term revenue stream to the Company. The QSE Technology was a “technology stack” and did not consist of an existing product offering. The purchase price for the QSE Technology reflects the fact that the Company could build out a pathway for a revenue stream, however, the Company was required to: (A) create a back-end SaaS platform for entropy as a service, encryption, and distribution to decentralized storage (the “QSE services”). The Company uses its access rights to the Ovryde SaaS Platform as the base model, which required significant changes to permit the QSE services, (B) build and develop a front-end customer platform that includes: a website/mobile application access, an interface that can randomly generate entropy for a customer; an interface that can encrypt a customer’s data; and allow the distribution of encrypted data to decentralized storage; (C) build and develop the payment platform for the QSE Platform. Utilize Stripe payment integration.

The transaction is considered a related party transaction under IAS 24. The board of directors unanimously approved the acquisition of QSE Technology. In addition, Mr. Prescott signed the consent resolution as unanimous approval is required under the *Business Corporations Act*.

Veronika Prescott, the spouse of Mr. Prescott, is the sole shareholder and founder of Ovryde. Mr. Prescott does not directly or indirectly hold any shares in Ovryde or exercise control over such shares. The operations of Ovryde are managed by Ms. Prescott. Ms. Prescott is the only person that has authority to instruct the corporate director of Ovryde.

The transaction value constituted approximately 6% of the market capitalization of the Company at the time of the QSE Technology Agreement. As the QSE Technology is an emerging technology that has yet to be broadly adopted, the Company elected to impair the entire purchase price of the QSE Technology, being $5,999,999.

As a result of the acquisition of the QSE Technology, the Company is able to offer a product suite consisting of API-based quantum-resilient entropy as a service and encrypted storage solutions. The purpose of the transaction was to strengthen and diversify the Company’s product offering portfolio.

Acquisition of Cloud Codes

On September 9, 2025, the Company closed the asset purchase agreement dated August 20, 2025 with Plurilock Security Inc. ("Plurilock"), a company listed on the TSX Venture Exchange, whereby the Company acquired Plurilock Security Private Limited, an Indian corporation, and related "Cloud Codes" assets ("Cloud Codes"). In consideration of Cloud Codes, the Company paid $100,000 and issued 4,200,000 common shares of the Company (the "Consideration Shares") at a price of $0.34 per share. The total consideration for Cloud Codes was $1,528,000.

The Consideration Shares were subject to a restriction on resale for a period of four months from the date of issue.

As a result of the acquisition of Cloud Codes, the Company acquired a revenue generating business and is able to offer its QSE product offering to existing Cloud Codes customers. In addition, the Company will be able to combine the Cloud Codes assets, the strength of the single sign on technology, with the QSE Technology to offer a complete product suite consisting of API-based quantum-resilient entropy with a single sign on service and encrypted storage solutions.

The transaction was an arm's length transaction. The acquisition was not considered a "significant acquisition" under Part 8 of NI 51-102, as the transaction did not satisfy the asset or investment tests as those terms are defined under NI 51-102, and has been treated as a business acquisition and is accounted for as a business combination. IFRS 3 outlines the accounting treatment for an acquisition of a business.

Before applying the recognition and measurement guidance in IFRS 3, the Company carried out an assessment whether Cloud Codes met the definition of a business at the acquisition date. Cloud Codes demonstrated that it had inputs and processes to create output services which to generate revenue. Cloud Codes has no physical facilities being a technology company with remote workers, but it does have employees, all the functions of a business including marketing systems.

The Company determined the purchase price of the Cloud Codes assets based on a number of factors:

(i) <u>The Stage of Development of Cloud Codes</u>. At the time of acquisition, the stage of development of the Cloud Codes assets were complete with existing completed software code being used successfully by many entities.

(ii) The customer and revenue history of Cloud Codes. <u>The periods prior to acquisition, Cloud Codes had been increasing the number of customers and total revenue to a point where Cloud Codes was almost break even operationally</u>. The Company anticipated it would take over a year and significant development dollars to achieve the same result. Accordingly, the Company believed that the purchase price was reasonable given the potential cost and ability for the Company to develop a similar type of technology on its own and build a similar customer base over time.

(iii) <u>The potential to add the QSE Technology to existing customers of Cloud Codes</u>. The QSE Technology initially was a "technology stack" and did not consist of an existing product offering. Now the QSE Technology can be combined with the Cloud Codes customer based thereby accelerating the total number of client users of the QSE Technology.

Acquisition of the GEM Platform

On February 15, 2022, the Company entered into a technology acquisition agreement (the "GEM Technology Agreement") originally with Prescott Family Foundation (the "Foundation") and now assigned to Ovryde Limited ("Ovryde"), a company controlled by Veronika Prescott, the spouse of Sean Prescott who was Chief Technology Officer and a former director of the Company. Ms. Prescott is the sole shareholder and founder of Ovryde. Mr. Prescott does not directly or indirectly hold any shares in Ovryde or exercise control over such shares. The operations of Ovryde are managed by Ms. Prescott. Ms. Prescott is the only person that has authority to instruct the corporate director of Ovryde.

In consideration for the rights granted, the Company agreed to issue:

- 250,000 common shares on the latter of (i) completion of expenditures of $250,000 toward the development of the GEM Platform; or (ii) February 15, 2023 (which shares have been issued);
- an additional 250,000 common shares on the later of (i) completion of expenditures of $600,000 toward the development of the GEM Platform, or (ii) February 15, 2024;
- an additional 250,000 common shares on the latter of (i) the Company generating revenue (before associated costs and taxes) of $250,000 from the application of the GEM Platform, or (ii) February 15, 2025; and
- an additional 250,000 common shares on the latter of (i) the Company generating revenue (before associated costs and taxes) of $500,000 from the application of the GEM Platform, or (ii) February 15, 2026.

As of September 30, 2025, the Company had not completed a cumulative $600,000 in expenditures and both parties mutually agreed to indefinitely pause and defer all amounts due under the Technology Acquisition Agreement. However, until such time as all common shares are issued under the GEM Technology Agreement, the Company retains an exclusive, sub-licensable and transferable right and license to use and exploit the GEM Platform.

The transaction is considered a related party transaction under IAS 24.

Investment in Farm Flight

Letter of Intent with Farm Flight

On April 24, 2023, the Company entered into a non-binding letter of intent (the “Letter of Intent”) with Farm Flight, Inc. (“Farm Flight”) whereby the Company proposed to acquire all of the issued and outstanding securities of Farm Flight. In consideration of Farm Flight, the Letter of Intent contemplated the issuance of 12,351,662 common shares of the Company (the “Exchanged Shares”) at a deemed price of $1.60 per share to the shareholders of Farm Flight. The parties contemplated that the Exchanged Shares would be subject to the following restrictions on resale: 20% subject to restrictions until 36 months after closing, 20% subject to restrictions until 42 months after closing, 20% subject to restrictions until 48 months after closing, 20% subject to restrictions until 54 months after closing, and 20% subject to restrictions until 60 months after closing.

The Letter of Intent also contemplated that prior to closing Farm Flight would use its best efforts to cause (i) the option holders to cancel their respective stock options, (ii) the warrant holders to cancel their respective share purchase warrants, and (iii) the unsecured convertible note holders in the amount of US $1,190,000 of notes to settle and surrender under mutually agreeable terms. The parties further contemplated that on closing the board of directors of the Company would be reconstituted where the Company would have three nominees and Farm Flight would have three nominees.

Assuming closing of the transaction, the Company would also retain Sam Baker, Chief Executive Officer of Farm Flight, who would receive 2,250,000 common shares for his services in equal instalments overs a four-year period.

The proposed transaction was an arm’s length transaction and not a related party transaction.

At the time of entering into the Letter of Intent, the Company was focusing on using its image recognition technology for the purpose of carbon mapping. Farm Flight, whose operations focused on advanced imagery and analytics for agriculture clients, appeared to compliment the business operations of the Company.

On entering into the Letter of Intent, the Company had not prepared a valuation report on Farm Flight.

Nevertheless, during the due diligence phase, the Company engaged a third party to provide a valuation report. Based on additional financial due diligence of Farm Flight as well as the draft valuation report, the Company elected not to proceed with the Farm Flight transaction.

Business Cooperation Agreement

On June 3, 2022, the Company entered into a business co-operation agreement with Farm Flight (the "Business Co-Operation Agreement").
Under the terms of the Business Co-Operation Agreement, Farm Flight agreed to provide the Company their unprocessed data so that it may be processed by the Company's image recognition technology (thereafter, the "Processed Data") which will be jointly owned in right, title and interest by the Company and Farm Flight. Upon receipt by Farm Flight of the Processed Data, the Company was to earn a continued license to the unprocessed data. The Processed Data was to be used in completing the outstanding programming of the Company's image recognition technology and to form the basis of the Company's initial image database. The Business Co-Operation Agreement had a term of nine (9) months, where after it shall automatically renew for a further nine (9) months. As the Company did not proceed with the Farm Flight transaction and changed the focus of it image recognition technology to the GEM Platform, the Company did not proceed with the Business Combination Agreement.

Loans to Farm Flight

In connection with the Company's proposed acquisition of Farm Flight, the Company made a series of loans to Farm Flight totaling US$1,062,000 from February 2023 to January 2024. The board of directors did not enter into a consent resolution of the directors approving the loans to Farm Flight other than the convertible note financing.

The Company made the loans to Farm Flight in order for Farm Flight to pay the professional costs associated with the proposed transaction and to cover Farm Flight's ongoing operating costs. Based on a review of the financial information of Farm Flight provided to the Company up to November 2023, the Company believes the proceeds of the loans were used for Farm Flight:

Use of Proceeds of Farm Flight Loan	**Amount (US$)**
Payroll Expenses of Farm Flight	638,075
Rent and Office Expenses of Farm Flight	53,859
Software and Drone Pilots	147,745
Travel Expenses	7,487
Professional Fees	47,617
Total	**894,784**

The Company lacked the financial information of Farm Flight on the balance of the loan proceeds for December 2023 and January 2024.

The Company made these advances to Farm Flight as it believed it would complete its acquisition of Farm Flight and, upon closing of the acquisition, benefit from any contracts that may be entered into by Farm Flight. In mid-January 2024, the Company's analysis of Farm Flight's future financial condition, being prospects of profitable revenue and its significant ongoing burn rate, and a review of a of a draft valuation report prepared by RwE Growth Partners determined that it would be detrimental to the Company to complete an acquisition of Farm Flight. After this decision was made, the Company did not advance any additional funds to Farm Flight.

The Company determined that it should impair the loans as Farm Flight would not be able to continue as a going concern without funding from the Company. Accordingly, there is a significant risk that the Company will not be repaid any amounts advanced to Farm Flight. Further, the Company has not formally demanded repayment of the loans to Farm Flight.

Stage of Development of GEM and QSE Platforms

The following table sets forth the stage of development for each of the QSE and GEM Platforms:

	Stage of Development	Anticipated Research and Development Costs over 12 Months	Anticipated Time Frame for Commercialization
QSE Platform	Commercialized and onboarding customers to QSE Platform; Obtained Level 1 and Level 2 certificate under CyberSecure Canada.	$240,000 (Anticipated for future upgrades and improvements with an increase in user base)	Complete – Additional upgrades will be required with an increase in user base
GEM Platform	Beta Version	$Nil	Undetermined (development temporarily paused)

SELECTED ANNUAL INFORMATION

The following selected financial information for the years ended September 30, 2025, 2024 and 2023 has been prepared with the accounting principals in accordance with IFRS. All amounts are in Canadian dollars.

September 30	2025 $	2024 $	2023 $
Total revenues	40,883	nil	nil
Net loss	(3,712,717)	(11,429,416)	(3,205,374)
Net loss per share (basic & diluted)	(0.07)	(0.26)	(0.09)
Total assets	3,150,116	1,816,165	146,504
Dividends declared	nil	nil	nil

Effective September 9, 2025, the Company acquired Cloud Codes. As a result, the Company recognized revenue and costs from Cloud Codes operations for the period to September 30, 2025. The significant changes in net loss from September 30, 2024 to September 30, 2025 is principally due to an increase in advertising and promotion expenses, an increase in consulting and salaries and an increase in research and development as the Company continues to expand operations and services. A reversal of share-based compensation expense was recognized due to forfeited restricted share rights. No impairment charges were recognized. Total assets increased as a result of the acquisition of Cloud Codes.

The significant changes in net loss from September 30, 2023 to September 30, 2024 is principally due to an increase in advertising and promotion expenses and an increase in consulting and salaries as the Company was expanding operations and services. Research and development decreased in this period as the Company changed development focus.

Significant share-based compensation was recognized arising from the grant of restricted share rights. Impairment charges were recognized against the investments in the QSE Technology and Farm Flight Inc.

RESULTS OF OPERATIONS

The Company incurred a net loss of $3,712,717 for the year ended September 30, 2025 (2024 - $11,429,416).

	2025 $	2024 $
Revenue	40,883	-
Cost of Sales	19,757	-
Expenses		
Advertising and promotion	2,239,468	1,518,538
Bank charges	5,419	2,678
Consulting and salaries	618,223	295,679
Currency exchange	17,341	13,058
Filing and transfer agent fees	95,997	94,394
Investor relations	94,486	46,859
Office expenses	155,752	54,565
Professional fees	281,869	234,078
Research and development	508,733	131,251
Share-based compensation (recovery)	(372,632)	2,388,819
Travel & entertainment	-	2,225
	3,644,656	4,782,144
Operating loss	(3,623,530)	(4,782,144)
Impairment of investments	-	688,298
Impairment of intangible asset	-	5,999,999
Interest expense	39,792	-
Interest income	(47,039)	(30,970)
Loss on settlement of convertible loan	96,434	-
	89,187	6,657,327
Income tax recovery	-	10,055
Net loss and total comprehensive loss for the year	(3,712,717)	(11,429,416)

<u>Revenue / Cost of Sales</u>

Effective September 9, 2025, the Company acquired Cloud Codes. As a result, the Company recognized only minimal revenue and costs from Cloud Codes operations for the period to September 30, 2025.

<u>Advertising</u>

During the current period, costs were incurred relative to the continued investor marketing campaigns. Amounts include $963,999 to Creative Direct Marketing Group Inc., $162,293 to Plutus Invest and Consulting GmbH, $215,250 to Market One Media Group Inc. along with market-making fees of $192,240 to Insight Capital Partners Inc. and monthly search advertising fees of USD$3,800 to Percepture Inc.

Consulting and salaries

Consulting and salary costs were incurred to related parties (see *Related Party Transactions),* external consultants and internal programming staff. During the current period, valuation fees were incurred with respect to the QSE Technology in addition to fees to Plurilock Solutions Inc. for management fees of Cloud Codes. During the prior period valuation fees were incurred with respect to the proposed Farm Flight transaction.

Currency Exchange

The Company is subject to foreign currency fluctuations to the extent of transactions undertaken and balances held which are denominated in US dollars and Indian rupees. The currency risk is not deemed material, and no hedging transactions are undertaken.

Filing fees

During the current period, additional filing fees were incurred for listing on the Tradegate Stock Exchange and for various news release announcements. CSE Exchange listing fees also vary based upon the Company's market capitalization.

Investor relations

The Company completed an investor relations contract during the current period.

Office expenses

Office expense increases mostly relate to a new month-to-month office sub-lease agreement (see *Related Party Transactions)* and subscriptions to various online platforms.

Professional fees

Costs were incurred relating to legal fees for regulatory investigation and compliance, proposed alternative financing initiatives and normal course transactions in addition to audit and accounting services. Increased costs were incurred relating to the QSE Technology Agreement and PSP acquisition.

Research and development

The material components of Research and Development costs relate to a product development agreement for the maintenance of the GEM Platform of $21,159 (terminated on November 15, 2023); costs of $264,252 relating to development of the QSP platforms and $3,083 for front end hosting and research consumables (see *Related Party Transactions)*, and costs of $203,455 relating to BitLab for further development of the QSE platform.

Share-based compensation

The Company recorded $569,309 in share-based compensation expense related to the vesting of stock options, $920,588 related to the vesting of restricted share rights and a recovery of $1,862,529 relating to the reversal of previously recorded share-based compensation relative to unvested forfeited restricted share rights.

Impairment of investments

During the prior period, the following indicators of impairment were identified relative to prior investments made by the Company in Farm Flight Inc. ("Farm Flight"):

Significant Decline in Market Value: The market value of Farm Flight experienced a significant decline in value since the Letter of Intent was entered into. A valuation report obtained by the Company noted no significant tangible net assets but some goodwill relative to customer relationships, brand awareness and employee base.

Economic Factors: Farm Flight was yet to manage profitable operations and continued to operate only generating a gross and net loss. Significant seed investors indicated that future funding would not be available. The Company remained the only significant source of funding.

The Company's management did not expect imminent cash inflows from the loans to Farm Flight. In estimating the fair value less costs of disposal, management did not have observable or unobservable inputs to estimate the recoverable amount greater than $nil per Farm Flight loan and therefore recorded an impairment provision in accordance with Level 3 of the fair value hierarchy in an amount of $688,298.

<u>Impairment of Intangible Asset</u>

During the prior period, the Company could not identify an active market for the QSE Technology and believed there could be significant uncertainty of the existence of a market for the QSE Technology. The Company does believe, based on the potential future economic benefits and examining the historical progression and lifecycle of encryption technologies such as RSA and other cryptographic standards, that the software has expected future value; however, it was unable to determine an appropriate valuation and recognized an impairment provision of $5,999,999.

<u>Interest expense</u>

With respect to the convertible loan financing, interest on the net liability component of the loan was recognized using the effective interest rate method (17.53% annualized).

<u>Interest income</u>

The Company recognized cash interest income earned on its surplus funds invested in Prime-Linked Cashable GICs.

<u>Loss on settlement of convertible loan</u>

With respect to early settlement of the convertible loan financing, the Company determined that the fair value of the financial liability component of the loan was equal to the redemption amount and allocated all the redemption amount to the financial liability component with the difference being recorded as a loss on settlement.

SUMMARY OF QUARTERLY INFORMATION

The following financial data was derived from the Company's financial statements for the last eight quarters:

Three months ended	**Dec 31, 2024**	**Mar 31, 2025**	**June 30, 2025**	**Sept 30, 2025**
	$	**$**	**$**	**$**
Total revenues	Nil	Nil	Nil	40,883
Net income (loss)	(2,331,107)	(1,154,753)	669,494	(896,351)
Net income (loss) per share	(0.05)	(0.02)	0.01	(0.02)

Three months ended	**Dec 31, 2023**	**Mar 31, 2024**	**June 30, 2024**	**Sept 30, 2024**
	$	**$**	**$**	**$**
Total revenues	nil	nil	nil	nil
Net income (loss)	(1,376,468)	(825,229)	(985,716)	(8,242,003)
Net income (loss) per share	(0.03)	(0.02)	(0.02)	(0.17)

Due to the nature of its current operations, the Company only began earning revenue during the three months ended September 30, 2025 as a result of the acquisition of Cloud Codes.

Quarterly fluctuations mainly relate to increased administrative overhead, promotional initiatives, research and development costs and share-based compensation expense, which is recognized as equity incentive payments are granted and vest, and investment impairments which are recognized as conditions arise.

During the periods ending to June 30, 2025, significant non-cash share-based compensation was recognized. During the three months ended June 30, 2025, a significant non-cash share-based compensation recovery was recognized related to the reversal of previously recorded share-based compensation relative to unvested forfeited restricted share rights. During the three months ended September 30, 2024, significant non-cash intangible asset impairment was recognized. During the three months ended December 31, 2023 significant non-cash investment impairment was recognized.

FOURTH QUARTER

No unusual activity, other than the business combination already described herein, impacted the Company’s cashflows or operating results during the quarter ended September 30, 2025.

DIVIDENDS

There are no restrictions that could prevent the Company from paying dividends on its common shares; however, the Company has not paid any dividends on its common shares as it will incur losses for the foreseeable future, and it is not contemplated that the Company will pay any dividends in the immediate or foreseeable future. It is the Company’s intention to use all available cash flow as working capital.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2025, the Company had a working capital surplus of $819,015 (September 30, 2024 - $1,327,837). During the year ended September 30, 2025, cash used in operating activities was $3,287,321, cash used in investing activities was $500,000 and cash provided by financing activities was $3,613,682 resulting in a decrease in cash of $173,639.

The Company received funds under a convertible loan financing, from private placement proceeds and from the exercise of stock options. This cash was partially offset by ongoing operating expenses, completion of payments due under the QSE Technology Agreement, Cloud Codes acquisition and repayment of the convertible loan.

On January 10, 2025, the Company closed a non-brokered private placement and issued 1,285,708 units at a price of $1.40 per unit for gross proceeds of $1,799,991. On March 31, 2025, the Company closed the first tranche of a non-brokered private placement and issued 2,000,000 common shares at a price of $0.50 per common share for gross proceeds of $1,000,000. On April 9, 2025, the Company closed the final tranche of this non-brokered private placement and issued 1,000,000 common shares at a price of $0.50 per common share for gross proceeds of $500,000. Use of proceeds from these financings are summarized below:

January Financing

	Proposed Use of Proceeds ($)	**Actual Use of Proceeds ($)**
Advertising and promotion	500,000	544,000
General and administrative (includes payroll)	500,000	493,000
Professional fees	50,000	113,000
R&D	250,000	265,000
Unallocated working capital	499,991	384,991
Total	**1,799,991**	**1,799,991**

March / April Financing

	Proposed Use of Proceeds ($)	**Actual Use of Proceeds ($)**
Advertising and promotion	250,000	481,000
General and administrative (includes payroll)	800,000	501,000
Professional fees	100,000	167,000
R&D	310,000	347,000
Unallocated working capital	40,000	4,000
Total	**1,500,000**	**1,500,000**

On November 5, 2025, the Company is closed a non-brokered private placement financing by issuing 7,894,736 units at a price of $0.38 per unit for total proceeds of $3,000,000. Each unit consisted of one common share and one half of one common share purchase warrant, with each whole warrant entitling the holder to acquire one additional share at an exercise price of $0.60 until November 5, 2028. The Company paid finders a fee totaling $49,431. Net proceeds will be used to expand the Company's QSE platform as well as for general working capital purposes.

On January 26, 2026, the Company entered into a release agreement with a former consultant under which a loan of $50,000 payable to the consultant was forgiven.

The Company will require additional funds for technology development, upcoming regulatory fees, business development and general operations. There can be no assurance that financing will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

FINANCIAL INSTRUMENTS

The Company's financial instruments include cash and cash equivalents and other non-tax receivables which are classified as financial assets at amortized cost, and accounts payable and accrued liabilities, due to related parties and other liabilities which are classified as financial liabilities at amortized cost. The fair value of these financial instruments approximates their carrying value due to the immediate or short-term maturity of these financial instruments.

The Company is exposed to credit risk with respect to managing its cash. The Company's risk management policies require significant cash deposits, or any short-term investments be invested with Canadian chartered banks rated BBB or better.

The Company is exposed to liquidity risk to the extent that it does not have sufficient resources to meet requirements for administrative overhead and continuing with its development programs in the following twelve months. The Company will be required to raise additional capital in the future to fund its operations. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due by forecasting cash flows for operations, anticipated investing, and financing activities and through management of its capital structure. As of September 30, 2025, the majority of the Company's accounts payable and accrued liabilities have contractual maturities of less than 90 days.

The Company is exposed to currency risk to the extent expenditures incurred, funds received, and balances maintained by the Company are denominated in currencies other than the Canadian dollar (primarily US dollars and Indian rupees). The Company does not manage currency risks through hedging or other currency management tools. Therefore, the Company is exposed to currency risk to the extent of a strengthening or weaking of the Canadian dollar against these other foreign currencies. The Company believes this risk to be immaterial.

CHANGES IN ACCOUNTING POLICIES

New and amended standards adopted by the Company

IAS 1 has been amended to clarify classification of liabilities as current or non-current. The amendments are effective for the years beginning on or after January 1, 2024. The amendment had no impact for the Company.

Recent Accounting Pronouncements

In April 2024, the IASB issued International Financial Accounting Standards 18 – Presentation and Disclosure in Financial Statements ("International Financial Accounting Standards 18") to replace IAS 1 – Presentation of Financial Statements. This standard focuses on updates to the statement of profit or loss, including: (a) the structure of the statement of profit or loss; (b) required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and (c) enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. The Company will apply International Financial Accounting Standards 18 for the annual period beginning October 1, 2027, and it will be applied retrospectively, requiring the comparative information for the financial year ending September 30, 2026 to be restated in accordance with International Financial Accounting Standards 18. The Company is currently assessing the effect of this new standard on its financial statements.

CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

The Company has no existing contractual obligations other than as described herein. There are no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of operations and have been measured at the exchange amount of consideration agreed between the related parties. Except as disclosed elsewhere, the Company entered into the following related party transactions with amounts due to related parties being unsecured, non-interest-bearing, and with no formal terms of repayment:

- Effective April 2024, the Company entered into an employment agreement appointing James Young as Chief Executive Officer. On June 5, 2025, Mr. Young resigned as Chief Executive Officer. The agreement provided remuneration payable of $120,000 per annum, provision for an annual discretionary bonus ($nil to date) and grant of restricted share rights as determined by the Equity Incentive Plan.

  Fees in the amount of $nil (2024 – $15,000) were charged by James Young Consulting, a company controlled by Young pursuant to a contract for consulting services.

- Effective February 2025, the Company entered into an employment agreement with Ted Carefoot. Under the agreement, remuneration payable was $100,000 per annum. Effective June 5, 2025, a revised agreement was entered into in conjunction with Mr. Carefoot being appointed Chief Executive Officer. The revised agreement provided remuneration payable of $180,000 per annum, provision for performance bonuses ($nil to date) and grant of restricted share rights as determined by the Equity Incentive Plan.

- Fees in the amount of $35,000 (2024 - $60,000) were charged by Alan Tam Inc, a company controlled by Alan Tam, a director and officer of the Company, pursuant to a contract for consulting services. Effective May 2025, the Company entered into an employment agreement with Mr. Tam. Under the agreement, remuneration payable is $84,000 per annum.

- Fees in the amount of $49,500 (2024 - $64,000) were charged by Lattz Equity, a company controlled by Darien Lattanzi, a director of the Company, pursuant to a contract for consulting services.

- Fees in the amount of $154,977 (2024 - $75,033) were charged by Spresso Security – FZCO, a company controlled by Sean Prescott, a former officer and director of the Company, for research and development work on the Neural Network and QSP Platforms. On June 4, 2025, Mr. Prescott resigned as Chief Technology Officer and director of the Company. Accounts payable as of September 30, 2025, were $nil (2024 - $13,524 (US$10,000)). Mr. Prescott was also a trustee to the Prescott Family Foundation, the former counterparty to the Technology Acquisition Agreement.

- Fees in the amount of $67,920 (2024 - $nil) were charged by Ovryde Limited, a company controlled by the spouse of Mr. Prescott, for research and development consumables and QSP hosting fees. Accounts payable related to the QSE Technology Agreement as of September 30, 2025 were $nil (2024 - $400,000).

- Fees in the amount of $203,456 (2024 - $nil) were charged by LeanSprint Inc. (dba BitLab), a company controlled Shoukri Kattan, a director of the Company, for research and development on the QSE Platform.

- Effective September 2025, consulting fees of INR75,000 per month were charged by Hemal Shah, a director of the Company, for research and development on the QSE Platform. Accounts payable as of September 30, 2025 were $823 (2024 - $nil).

- Pursuant to a month-to-month sub-lease agreement, amounts of $81,000 (2024 - $34,992) were charged by Munchen Motorwerks Ltd, a company of which Darien Lattanzi is director, for office space rental and included in office expenses.

Key management personnel are the persons responsible for planning, directing, and controlling the activities of an entity, and include the chief executive officer, chief financial officer, and directors. The Company has no long-term employee or post-employment benefits. A summary of compensation awarded to key management, excluding reversal of unvested share-based compensation related to the resignation of the former Chief Executive Officer was as follows:

	September 30, 2025 $	September 30, 2024 $
Short-term benefits	**801,009**	268,083
Share-based compensation	**633,525**	678,055
	1,434,534	946,138

OUTSTANDING SHARE DATA AND DILUTION CALCULATION

The Company has authorized share capital consisting of common shares without par value, without special rights or restrictions attached and preferred shares without par value, with special rights or restrictions attached. The number of shares authorized is unlimited. The Company has issued warrants for the purchase of common shares and also an Equity Incentive Plan.

The table below summarizes the Company's common shares, stock options, warrants and restricted share rights that are convertible into common shares as of February 5, 2026:

Issued and outstanding common shares	68,086,112
Share options with a weighted average exercise price of $0.62	2,244,333
Share purchase warrants with a weighted average exercise price of $1.04	5,858,076
Restricted Share Rights - vested	-
Restricted Share Rights - unvested	1,635,000
Fully Diluted	**77,823,521**

RISKS AND UNCERTAINTIES

The Company is exposed to a variety of known and unknown risks in the pursuit of its strategic objectives, including but not limited to liquidity/financial risk and general business. The impact of any risk may adversely affect, among other things, the Company's business, financial condition, and operating results, which may affect the market price of its securities. The Company monitors its risks on an ongoing basis and seeks to mitigate these risks as and when possible.

Liquidity/Financial Risks

The Company is exposed to normal financial risks including liquidity risk, exchange rate risk, interest rate risk and credit risk. The Company's principal liquidity and capital resource requirements are the capital required to acquire streams and general operating expenses. The Company funds these requirements through current cash and working capital balances which are carefully managed to ensure that operational needs and other contractual and financial obligations are met.

General Business Risks

The success of the Company's activities will depend on management's ability to implement its strategy and on the availability of opportunities related to the development, capabilities of its AI analytical software and general economic conditions. Although management is optimistic about the Company's prospects, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved and there is no certainty that the Company will successfully implement its current strategy.

Cybersecurity

Companies in all industries, including the mining industry, are susceptible to cyber risk. The Company's primary operational exposure to cyber risk is with respect to proprietary geological, geochemical and exploration data and related models. The Company, similar to companies in all industries, is exposed to common place cyber risks such as, but not necessarily limited to, phishing, spam, fraudulent attacks, denial of service attacks, data loss, data theft, data corruption. The Company outsources its IT management to IT professionals who implement, among other controls and mitigation strategies, system access and authentication controls, transactional authentication, system activity logging, audit trails, "exception" handling, on-prem and off-prem backup and storage of the Company's data.

Other

The economic uncertainties around persistent inflation pressure and geopolitical events have the potential to slow growth in the global economy. Future developments in these challenging areas could impact on the Company's results and financial condition and the full extent of that impact remains unknown.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

DISCLOSURE CONTROLS AND PROCEDURES

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Audit Committee is composed of three directors who meet at least quarterly with management and at least annually with the external auditors to review accounting, internal control, financial reporting, and audit matters.

There have been no significant changes to the Company's internal control over financial reporting that occurred during the period that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

In connection with National Instrument 52-109 - *Certificate of Disclosure in Issuer's Annual and Interim Filings*) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the financial statements and this accompanying MD&A (together, the "Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with its filings on SEDAR+ at www.sedarplus.ca.

SUBSEQUENT EVENTS

Other than disclosed elsewhere, no other material events occurred subsequent to September 30, 2025.