CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
DXI Capital Corp.

Opinion

We have audited the accompanying consolidated financial statements of DXI Capital Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficit, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("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 in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the consolidated financial statements, which indicates that the Company incurred a net loss of $184,000 during the year ended December 31, 2023 and, as of that date, the Company had an accumulated deficit of $127.1 million. As stated in Note 2, these events and conditions 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 matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. 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.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our auditor's report.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do 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 and, in doing so, 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.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. 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 IFRS, 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.
- 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

March 8, 2024

DXI CAPITAL CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at December 31,
(Expressed in Canadian Dollars)

(thousands of Canadian dollars)	Notes	**2023**	2022
		$	$
ASSETS			
Current			
Cash		**24**	17
Prepaids and other receivables		**4**	6
Current Assets		**28**	23
Non-current			
Property and equipment	5	**-**	1
Total Assets		**28**	24
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**285**	197
Loans from related parties	6	**700**	600
Current Liabilities		**985**	797
Total Liabilities		**985**	797
SHAREHOLDERS' DEFICIT			
Share capital	7	**113,916**	113,916
Contributed surplus		**12,191**	12,191
Deficit		**(127,064)**	(126,880)
Total Shareholders' Deficit		**(957)**	(773)
Total Liabilities and Shareholders' Deficit		**28**	24

Going concern - Note 2(b)

Approved on behalf of the Board:

"signed"	*"signed"*
Ronnie Bozzer - Director	Robert Hodgkinson - Director

DXI CAPITAL CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the year ended December 31,
(Expressed in Canadian Dollars)

(thousands of Canadian dollars, except per share amounts)		**2023**		2022
		$		$
EXPENSES				
Amortization, depletion and impairment losses		**1**		1
General and administrative		**132**		92
Financing expenses		**51**		45
Total Expenses		**184**		138
Loss for the year		**(184)**		(138)
Loss per common share - basic and diluted	$	(0.02)	$	(0.01)
Weighted average common shares outstanding				
Basic		**11,966,024**		11,966,024
Diluted		**11,966,024**		11,966,024

DXI CAPITAL CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
(Expressed in Canadian Dollars)

(thousands of Canadian dollars, except number of shares)	Number of Shares	Share Capital	Contributed Surplus	Deficit	Total
		$	$	$	$
Balance as at January 1, 2022	11,966,024	113,916	12,191	(126,742)	(635)
Net loss	-	-	-	(138)	(138)
Balance as at December 31, 2022	**11,966,024**	**113,916**	**12,191**	**(126,880)**	**(773)**
Balance as at January 1, 2023	11,966,024	113,916	12,191	(126,880)	(773)
Net loss	-	-	-	(184)	(184)
Balance as at December 31, 2023	**11,966,024**	**113,916**	**12,191**	**(127,064)**	**(957)**

DXI CAPITAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the year ended December 31,
(Expressed in Canadian Dollars)

(thousands of Canadian dollars)	**2023**	2022
	$	$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss for the year	**(184)**	(138)
Adjustment for items not affecting cash:		
Amortization, depletion and impairment losses	**1**	1
Cash flows used in operations	**(183)**	(137)
Changes in operating working capital	**90**	25
Total Cash Flows used in Operating Activities	**(93)**	(112)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance of loans from related parties	**100**	110
Total Cash Flows from Financing Activities	**100**	110
CHANGE IN CASH	**7**	(2)
CASH, BEGINNING OF YEAR	**17**	19
CASH, END OF YEAR	**24**	17

NOTE 1 – CORPORATE INFORMATION

DXI Capital Corp. (the "Company") is a public company trading on the NEX under the symbol of "DXI.H", operated by the TSX Venture Exchange ("TSXV") in Canada. On September 11, 2020, the Company changed its name from DXI Energy Inc. to DXI Capital Corp. and effected a one hundred-to-one share consolidation of its common shares. All shares and per share amounts in these consolidated financial statements have been adjusted retroactively for all periods presented to reflect the effects of the share consolidation. The address of its registered office is 404 – 999 Canada Place, Vancouver, British Columbia.

As of December 31, 2023, the Company has no active operations. The management and board of directors are currently forging a new direction for the Company's shareholders.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, 0855524 B.C. Ltd., incorporated in British Columbia.

The Company entered into a non-binding letter of intent (the "LOI") dated November 22, 2023 with V.V.T. Med Ltd. ("VVT"), an Israeli corporation, and Exiteam Acquisition Corp. ("EAC"), a British Columbia company, pursuant to which DXI has agreed to acquire all of the issued and outstanding shares in the capital of VVT (the "VVT Shares") and EAC (the "EAC Shares"), as well as all other issued securities of VVT and EAC, upon the terms and conditions set out in a definitive agreement to be entered into by the parties (the "Proposed Transaction"). The Proposed Transaction is expected to enable DXI to meet the initial listing requirements of the TSX Venture Exchange (the "TSXV" or the "Exchange") for the reactivation of DXI. Following the completion of the Proposed Transaction, DXI (the "Resulting Issuer") will continue the business of VVT, being a new medical treatment for varicose veins and will be listed on the TSXV under the life sciences sector. The proposed Transaction will constitute a reverse takeover of DXI by EAC and VVT.

The transaction is expected to be completed through: (i) a three-cornered amalgamation among EAC and a wholly owned subsidiary of DXI; and (ii) a securities exchange between VVT security holders, VVT and DXI. As consideration for the completion of the Proposed Transaction, and subject to customary adjustments, including a proposed 4.67 to 1 share consolidation (the "DXI Consolidation") of the issued and outstanding common shares of DXI (the "Resulting Issuer Shares"), holders of EAC Shares will receive one (1) Resulting Issuer Share for each EAC Share (the "EAC Exchange Ratio"). Any outstanding warrants or other exchangeable or convertible securities of EAC will be exchanged, on an equivalent basis, for securities of the Resulting Issuer. In addition, as consideration for the completion of the Proposed Transaction, and subject to customary adjustments, each VVT Share will be exchanged on the basis of the VVT Exchange Ratio, as defined below.

"VVT Exchange Ratio" means (i) 32,500,000, divided by (ii) the total number of VVT Shares outstanding immediately prior to the closing date of the Transaction (including, without limitation, VVT Shares issued upon the exercise or conversion of VVT stock options and VVT preferred shares), less the total number of VVT Shares issued pursuant to the conversion of the VVT convertible bonds (including the conversion of the principal thereof and any interest due and payable thereon).

Completion of the Proposed Transaction is subject to several conditions, including Exchange acceptance. There can be no assurance that the Proposed Transaction will be completed as proposed or at all.

These consolidated financial statements were authorized and approved for issuance by the Board of Directors on March 8, 2024.

NOTE 2 – BASIS OF PRESENTATION

(a) Basis of presentation

The consolidated financial statements (the "financial statements") are presented under IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC"). A summary of the Company's material accounting policies under IFRS is presented in note 3.

(b) Going concern

The consolidated financial statements were prepared on a going concern basis. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company incurred a net loss of $184,000 during the year ended December 31, 2023 ($138,000 - December 31, 2022), and as of that date has a working capital deficiency of $957,000 ($774,000 – December 31, 2022) and an accumulated deficit of $127.1 million ($126.9 million – December 31, 2022). The Company's ability to continue as a going concern is dependent upon attaining profitable operations and sourcing additional equity and debt capital from financiers, other than the present non-arm's length lenders to the Company, to provide the Company with sufficient capital to fund future operations or activities. There is no assurance that future operations or activities will be successful. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used that would be necessary if the going concern assumptions were not appropriate.

(c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial liabilities that are measured at fair value, as explained in the accounting policies in note 3. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for the cash flow information.

(d) Use of estimates and judgments

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

(e) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its Canadian subsidiary, 0855524 B.C. Ltd.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies used in the preparation of the consolidated financial statements are as follows:

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and subsidiaries controlled by the Company. Subsidiaries are fully 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. All intra-group balances, transactions, income and expenses are eliminated in full on consolidation.

The financial statements of the subsidiaries are prepared using the same reporting period as the parent company, using consistent accounting policies.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(b) Foreign currency

The financial statements of entities within the consolidated group that have a functional currency different from that of the Company ("foreign operations") are translated into Canadian dollars as follows: assets and liabilities – at the closing rate as at the statement of financial position date, and income and expenses – at the average rate of the period (as this is considered a reasonable approximation to actual rates). All resulting changes are recognized in other comprehensive loss as cumulative translation differences.

When the Company disposes of its entire interests in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive loss related to the foreign operation are recognized in profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive loss related to the subsidiary are reallocated between controlling and non-controlling interests.

Transactions in foreign currencies are translated into the functional currency at exchange rates at the date of the transactions. Foreign currency differences arising on translation are recognized in profit or loss. Foreign currency monetary assets and liabilities are translated at the functional currency exchange rate at the statement of financial position date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognized in the consolidated statement of loss and comprehensive loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

(c) Property and equipment costs

Property and equipment are depreciated based on a declining balance basis, which approximates the estimated useful lives of the asset, at the following rates:

Office furniture and equipment	20%
Computer equipment	45%

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(d) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability.

(e) Loss per share

Basic loss per share figures have been calculated using the weighted average number of common shares outstanding during the respective periods.

Diluted loss per common share is calculated by dividing the profit or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted. The diluted loss per share figure is equal to that of basic loss per share since the effects of options and warrants have been excluded as they are anti-dilutive.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(f) Share based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that will eventually vest. Where equity instruments are granted to employees, they are recorded at the instruments' grant date fair value.

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

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

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

All equity-settled share based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital along with any consideration received.

When an option is cancelled, or expires, the initial recorded value is reversed from contributed surplus and credited to deficit.

(g) Financial instruments

The Company's financial instruments include cash, other receivables, accounts payable and accrued liabilities and loans from related parties.

Financial assets

At December 31, 2023 and 2022, financial assets were initially recorded at fair value and are designated into one of the following three categories: amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive loss ("FVOCI").

These assets are initially recognized at fair value plus directly attributable transaction costs. Subsequently, they are recorded at amortized cost using the effective interest rate method, less any impairment losses.

A financial asset is classified as FVOCI if the asset is held with the objective to both collect contractual cash flows and to sell the financial asset. All other financial assets are measured at FVTPL. As at December 31, 2023 and 2022, the Company held no financial instrument in both the FVTPL category and FVOCI category.

The Company's financial assets measured at amortized cost are cash and other receivables. At December 31, 2023 and 2022, the Company had no active operations. Previously, the Company had been engaged in the business of exploring and developing oil and gas properties in North America.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities

The Company classifies its financial instruments into one of two categories, depending on the purpose for which the liability was acquired.

- Fair value through profit or loss: this category does not comprise any liabilities at December 31, 2023 and 2022. These liabilities are classified and measured at fair value through profit and loss.

- Amortized cost: this category includes accounts payables and accrued liabilities and loans from related parties, which are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

Derivative financial instruments, such as warrants issued in US dollars or contracts entered into to manage the exposure to volatility in commodity prices, are initially recognized at fair value at the date at which the derivatives are issued and are subsequently re-measured at fair value. Commodity contracts are not used for trading or other speculative purposes. These derivatives do not qualify for hedge accounting and changes in fair value are recognized immediately in profit and loss.

(h) Impairment

Impairment of financial assets

At each reporting date, the Company assesses the Expected Credit Losses ("ECL") associated with its financial assets to determine whether any financial asset is impaired.

For other receivables, the Company applies the simplified approach required by IFRS 9, which requires the ECL allowances to be recognized at the initial recognition of the receivables. The ECL for financial assets are based on the assumptions about risk of default and expected credit losses. The Company uses judgment in making these assumptions and selecting inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Non-financial assets

For the purpose of impairment testing, assets are grouped together in CGUs, which are the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. The carrying value of long-term assets is reviewed at each period for indicators that the carrying value of an asset or a CGU may not be recoverable. The Company uses geographical proximity, geological similarities, analysis of shared infrastructure, commodity type, assessment of exposure to market risks and materiality to define its CGUs. If indicators of impairment exist, the recoverable amount of the asset or CGU is estimated. If the carrying value of the asset or CGU exceeds the recoverable amount, the asset or CGU is written down with an impairment recognized in profit or loss.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Fair value is determined to be the amount for which the asset could be sold in an arm's length transaction. Value in use is determined by estimating the net present value of future net cash flows expected from the continued use of the asset or CGU.

Impairment losses recognized in prior years are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(i) Taxes

Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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

Deferred tax is recognized for 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 on temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and affects neither accounting profit nor taxable profit. 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 the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, when they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. 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.

(j) Share capital

The Company’s common shares, stock options, share purchase warrants and flow-through shares are classified as equity instruments only to the extent that they do not meet the definition of a financial liability or financial asset. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction, net of tax, from the proceeds.

(k) Adoption of new and amended standards

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2023.

i. Classification of liabilities as current or non-current (amendment to IAS 1);

ii. Disclosure of accounting policy amendments (amendment to IAS 1);

iii. Property, plant, and equipment – proceeds before intended use (amendment to IAS 16); and

iv. Annual improvement to IFRS standards – 2018 to 2020.

With the exception of changing the Company’s accounting policies from “significant” to “material”, the Company has reviewed all other updates and determined that many of these updates are not applicable to or consequential to the Company and have been excluded from discussion within these material accounting policies.

NOTE 4 - CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in accordance with IFRS requires management to make estimates and judgments that affect reported assets, liabilities, revenues, expenses, gains, and losses. These estimates and judgments are subject to change based on experience and new information. The financial statement areas that require significant estimates and judgments are as follows:

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Management uses judgment to determine the most appropriate valuation model to estimate the fair value for share-based payment transactions. The inputs to the valuation model, including the expected life of the share option, volatility and dividend yield, require judgment for determination.

Financial instruments

When estimating the fair value of financial instruments, the Company uses valuation methodologies that utilize observable market data where available. In addition to market information, the Company incorporates transaction specific details that market participants would utilize in a fair value measurement, including the impact of non-performance risk.

Income taxes

The Company makes estimates in respect of tax liabilities and tax assets. Full provision is made for future and current taxation at rates of tax prevailing at the year end unless future rates have been substantively enacted. These calculations represent the Company's best estimate of the costs that will be incurred and recovered but actual experience may differ from the estimates made and therefore effect future financial results.

The Company recognizes the deferred tax benefit related to deferred tax assets to the amount that is probable to be realized. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions from deferred tax assets.

NOTE 5 – PROPERTY AND EQUIPMENT

	Total property and equipment
	$
Cost:	
Balance at January 1, 2022	38
Balance at December 31, 2022	38
Balance at December 31, 2023	**38**

(All tabular amounts are expressed in thousands of Canadian dollars unless otherwise noted)

NOTE 5 – PROPERTY AND EQUIPMENT (continued)

	Property and equipment $
Accumulated amortization, depletion and impairment loss:	
Balance at January 1, 2022	(36)
Amortization and depletion	(1)
Balance at December 31, 2022	(37)
Amortization	(1)
Balance at December 31, 2022	**(38)**

	Property and equipment $
Carrying amounts:	
At December 31, 2022	1
At December 31, 2023	**-**

NOTE 6 – SHAREHOLDER LOANS FROM RELATED PARTIES

On February 8, 2022, the Company further entered into a loan agreement with both HEC and HVI, each for $20,000. The loans bear interest at 8% per annum.

On May 4, 2022, the Company further entered into a loan agreement with both HEC and HVI, each for $22,500. The loans bear interest at 8% per annum. In addition, the term of the total loans outstanding with HEC and HVI totaling $600,000 were extended until December 31, 2022.

On October 18, 2022, the Company entered into another loan agreement with HEC and HVI for a total of $27,000. The loans bear interest at 8% per annum.

On April 28, 2023, the Company entered into another loan agreement with HEC and HVI for a total of $30,000. The loans bear interest at 8% per annum.

On August 3, 2023, the Company entered into another loan agreement with HEC and HVI for a total of $30,000. The loans bear interest at 8% per annum.

On December 14, 2023, the Company entered into another loan agreement with HEC and HVI for a total of $40,000. The loans bear interest at 8% per annum.

The aggregate sum of the principal loan amount is $700,000 (2022- $600,000) and accrued interest of $144,000 (2022- $93,000) at December 31, 2023 on the loans. The loans bear interest at 8% per year and are repayable on demand.

(All tabular amounts are expressed in thousands of Canadian dollars unless otherwise noted)

NOTE 7 – SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common voting shares, an unlimited number of first preferred shares issuable in series, and an unlimited number of second preferred shares issuable in series. No preferred shares have been issued and the terms of preferred shares have not been defined.

There were no share issuances in the years ended December 31, 2023 and 2022.

NOTE 8 – STOCK OPTIONS AND SHARE PURCHASE WARRANTS

(a) Stock Options

The Stock Option Plan (the "Plan") is a 10% "rolling" plan pursuant to which the number of common shares reserved for issuance is 10% of the Company's issued and outstanding common shares as constituted on the date of any grant of options.

The Plan provides for the grant of options to purchase common shares to eligible directors, senior officers, employees and consultants of the Company ("Participants"). The exercise periods and vesting periods of options granted under the Plan are to be determined by the Company with approval from the Board of Directors. The expiration of any option will be accelerated if the participant's employment or other relationship with the Company terminates. The exercise price of an option is to be set by the Company at the time of grant but shall not be lower than the market price (as defined in the Plan) at the time of grant.

No stock options were issued or outstanding during the years ended December 31, 2023 or 2022.

(b) Share Purchase Warrants

No share purchase warrants were issued or outstanding during the years ended December 31, 2023 or 2022.

NOTE 9 – SUPPLEMENTAL CASH FLOW INFORMATION

Changes in working capital consisted of the following:

	Year ended December 31	
	2023	2022
	$	$
Changes in working capital:		
Prepaids and other receivables	**2**	-
Accounts payable and accrued liabilities	**88**	26
	90	26
Comprised of:		
Operating activities	**90**	26
	90	26

(All tabular amounts are expressed in thousands of Canadian dollars unless otherwise noted)

NOTE 10– RELATED PARTY TRANSACTIONS

During the year ended December 31, 2023 and 2022 and in addition to the loans from related parties (note 6), the Company entered into the following transactions with related parties:

(a) Compensation awarded to key management included a total of salaries and director fees of $34,000 (2022 - $30,000). Key management includes the Company's officers and directors. The salaries and director fees are included in general and administrative expenses. Included in accounts payable and accrued liabilities at December 31, 2023 is $104,000 (December 31, 2022 - $84,000) owing to the officers and directors of the Company.

(b) Interest expenses of $51,000 (2022 - $45,000) were incurred related to loans from related parties. Included in accounts payable and accrued liabilities at December 31, 2023 is $144,000 (December 31, 2022 - $93,000), in interest payable.

NOTE 11 – INCOME TAXES

The actual income tax provisions differ from the expected amounts calculated by applying the Canadian combined federal and provincial corporate income tax rates to the Company's loss before income taxes. The components of these differences are as follows:

		2023		2022
Loss before income taxes	$	(184)	$	(138)
Expected income tax (recovery)	$	(50)	$	(37)
Change in statutory, foreign tax, foreign exchange rates and other		(1)		(3)
Change in unrecognized deductible temporary differences		51		40
Total income tax expense (recovery)	**$**	-	**$**	-
Current income tax	**$**	-	**$**	-
Deferred tax recovery	**$**	-	**$**	-

No deferred tax asset has been recognized in respect of the following losses and deductible temporary differences, as it is not considered probable that sufficient future taxable profit will allow the deferred tax assets to be recovered.

		2023		2022
Deferred tax assets (liabilities)				
Non-capital losses available for future period		7,318		7,259
Capital losses available		12,111		12,111
Resource tax pools in excess of net book value		6		6
Share issue costs and other		1		9
		19,436		19,385
Unrecognized deferred tax assets		(19,436)		(19,385)
Net deferred tax assets	**$**	**-**	**$**	**-**

The Company has a non-capital loss carry forward balance of $27,105,000 (2022 - $26,883,000). These losses will expire from 2026 to 2043. The balance of the remaining tax pools is $44,856,000 (2022 - $44,856,000) that do not expire.

(All tabular amounts are expressed in thousands of Canadian dollars unless otherwise noted)

NOTE 12 – COMMITMENTS

At December 31, 2023, the Company's undiscounted contractual obligations and commitments are as follows:

	Payments Due by Period			
	1 Year	2-3 Years	4-5 Years	Total
	$	$	$	$
Loans from related parties	700	-	-	700
	700	-	-	700

NOTE 13 – DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that financial asset or financial liability. Due to the use of subjective judgments and uncertainties in the determination of these fair values the values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

The Company classifies the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instruments:

- Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

- Level 2: Values 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.

- Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

As at December 31, 2023, the Company had no financial instruments measured at fair value.

NOTE 14 – FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

The Company has exposure to a number of risks from its use of financial instruments including: credit risk, liquidity risk, and market risk. This note presents information about the Company's exposure to each of these risks and the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

(a) Credit Risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. At December 31, 2023, financial assets on the statement of financial position are comprised of cash and other receivables. The maximum credit exposure at December 31, 2023 is the carrying amount of cash of $24,000. A major financial institution holds the cash.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to mitigate the liquidity risk is to ensure, as far as possible, it always has adequate liquidity to satisfy its financial obligations.

NOTE 14 – FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)

(c) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, and interest rates will affect the Company's net earnings. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns. The Company currently has no operating properties and therefore the exposure to market risk is minimal.

(d) Capital Management Strategy

The Company's policy on capital management is to maintain a prudent capital structure so as to maintain financial flexibility, preserve access to capital markets, maintain investor, creditor and market confidence, and to allow the Company to fund future developments. The Company considers its capital structure to include share capital, cash and cash equivalents, and working capital. In order to maintain or adjust capital structure, the Company may from time to time issue shares or enter into debt agreements and adjust its capital spending to manage current and projected operating cash flows and debt levels.

The Company's share capital is not subject to any external restrictions. The Company has not paid or declared any dividends, nor are any contemplated in the foreseeable future. There have been no changes to the Company's capital management strategy during the year ended December 31, 2023.