Pegasus Mercantile Inc. Announces Debt Settlement Update

Vancouver March 23, 2026 – Pegasus Mercantile Inc. (CSE: LOAN) (OTC: XTCYF) ("the Company) announces an update to its' debt settlement announced on December 15, 2025.

The Company intends to settle outstanding indebtedness of CA$163,430 in exchange for an aggregate of 3,268,600 restricted common shares to creditors in exchange for their accounts payable. The Settlement Shares are being issued at a deemed price of $0.05, in accordance with the policies of the Canadian Securities Exchange. The securities when issued will be subject to a four month and one day hold from the date of issuance. The Company's total debt settlement inclusive of the new update will be CA$260,400 and is subject to the approval of the CSE.

This debt settlement includes outstanding indebtedness to the Company's Directors and CEO of CA$$138,400 for director fees and consulting owing and approved by the board of directors of the Company. As a result, the debt settlement is a related party transaction within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company intends to rely on the exemptions from the formal valuation and minority approval requirements of MI 61-101 based on a determination that the fair market value of the debt settlement, insofar as it involves related parties, does not exceed 25% of the market capitalization of the Company.

About Pegasus Mercantile Inc.

The Company is a prospect generator that provides high growth companies with advisory services, including technology, financial, operational and management assistance. It is currently focused in the fast growing market for global wellness products and novel consumer goods and services.

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Certain statements contained in this release may constitute "forward–looking statements" or "forward-looking information" (collectively "forward-looking information") as those terms are used in the Private Securities Litigation Reform Act of 1995 and similar Canadian laws. These statements relate to future events or future performance. The use of any of the words "could", "intend", "expect", "believe", "will", "projected", "estimated", "anticipates" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward- looking information and are based on the Company's current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially. The forward-looking information contained in this release is made as of the date hereof and the Company is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on forward-looking information. The foregoing statements expressly qualify any forward- looking information contained herein.