Alaska Hydro

ALASKA HYDRO CORPORATION

CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine months ended September 30, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

NOTICE TO READER

These condensed interim financial statements of Alaska Hydro Corporation have been prepared by management and approved by the Board of Directors of the Company. In accordance with National Instrument 51- 102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these condensed interim financial statements, notes to the financial statements or the related quarterly Management’s Discussion and Analysis.

Alaska Hydro Corporation

Condensed Interim Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	September 30, 2024	December 31, 2023
	$	$
ASSETS		
Current assets:		
Amounts receivable	5,635	4,253
	5,635	4,253
Deposits (Note 3)	10,500	10,500
	16,135	14,753
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Bank overdraft	8,459	3,587
Accounts payable and accrued liabilities	4,179	5,309
Due to related parties (Note 4)	67,758	67,688
Advances (Note 4)	112,000	75,000
	192,396	151,584
Long term liabilities:		
Convertible promissory note (Note 5)	93,968	80,887
Total liabilities	286,364	232,471
Shareholders' deficiency:		
Share capital (Note 6)	3,673,691	3,673,691
Contributed surplus	1,274,315	1,274,315
Deficit	(5,218,235)	(5,165,724)
	(270,229)	(217,718)
	16,135	14,753

Nature of operations and going concern (Note 1)

On behalf of the Board on November 29, 2024:

Signed *"Clifford A. Grandison"* Co-Chairman & CEO

Signed: *"Greg Sunell"* Director

The accompanying notes are an integral part of these financial statements

Alaska Hydro Corporation

Condensed Interim Statements of Comprehensive Loss
For the three and nine months ended September 30, 2024 and 2023
(Unaudited - Expressed in Canadian dollars)

		For the three months ended September 30,		For the nine months ended September 30,	
	Note	**2024**	2023	**2024**	2023
		$	$	**$**	$
General and administrative					
Project costs	3	**-**	2,195	**675**	2,695
Professional fees	4	**19,461**	17,503	**23,990**	44,021
Transfer agent, filing and sustaining fees		**8,988**	2,820	**14,183**	9,507
Office and administration		**(363)**	68	**262**	429
Interest on convertible promisory note	5	**5,885**	3,576	**13,081**	10,613
Investor relations		**-**	-	**320**	320
		(33,971)	(26,162)	**(52,511)**	(67,585)
Gain on revaluation of convertible promissory note debenture	5	**-**	4,000	**-**	10,000
Net loss and comprehensive loss		**(33,971)**	(22,162)	**(52,511)**	(57,585)
Net loss per share - basic and diluted	6	**0.00**	0.00	**0.00**	0.00
Weighted average number of common shares outstanding and held by other shareholders - basic and diluted		**38,369,750**	38,369,750	**38,369,750**	38,369,750
Common shares outstanding and held by other shareholders at end of year		**38,369,750**	38,369,750	**38,369,750**	38,369,750

The accompanying notes are an integral part of these financial statements

Alaska Hydro Corporation

Condensed Interim Statements of Changes in Equity
For the nine months ended September 30, 2024 and 2023
(Unaudited - Expressed in Canadian dollars)

	Share capital		Contributed surplus	Deficit	Total
	#	$	$	$	$
Balance, December 31, 2022	38,369,750	3,673,691	1,274,315	(5,095,275)	(147,269)
Net loss and comprehensive loss	-	-	-	(57,585)	(57,585)
Balance, September 30, 2023	38,369,750	3,673,691	1,274,315	(5,152,860)	(204,854)
Balance, December 31, 2023	38,369,750	3,673,691	1,274,315	(5,165,724)	(217,718)
Net loss and comprehensive loss	-	-	-	(52,511)	(52,511)
Balance, September 30, 2024	**38,369,750**	**3,673,691**	**1,274,315**	**(5,218,235)**	**(270,229)**

The number of shares issued at September 30, 2024 is comprised as follows:

Shares considered previously issued	44,238,353
Issued and held by the Company	(5,868,603)
Issued and outstanding with other shareholders	38,369,750

The accompanying notes are an integral part of these financial statements

Alaska Hydro Corporation

Condensed Interim Statements of Cash Flows
For the nine months ended September 30, 2024 and 2023
(Unaudited - Expressed in Canadian dollars)

For the nine months ended	September 30, 2024	September 30, 2023
	$	$
Cash flows provided by (used in):		
Operating activities:		
Loss for the period	(52,511)	(57,585)
Non-cash items:		
Gain on revaluation of convertible promissory note debenture	-	(10,000)
Interest on convertible promissory note	13,081	10,613
Changes in non-cash working capital items:		
Amounts receivable	(1,382)	(1,804)
Bank overdraft	4,872	1,192
Accounts payable and accrued liabilities	492	15,354
Due to related parties	(1,552)	17,230
Cash used in operating activities	(37,000)	(25,000)
Financing activities:		
Advances (note 4)	37,000	25,000
Cash provided by financing activities	37,000	25,000
Change in cash during the period	-	-
Cash - beginning of period	-	-
Cash - end of period	-	-

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Alaska Hydro Corporation, formerly Project Finance Corp., (the "Company" or "Alaska Hydro") was incorporated on October 16, 2006 under the British Columbia Business Corporations Act. Prior to September 3, 2010, the Company was a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). On September 3, 2010 the Company completed its Qualifying Transaction (the "Qualifying Transaction") pursuant to the rules and policies of the Exchange by acquiring the net assets and operations of Cascade Creek LLC. ("Cascade"), a development stage hydroelectric project. On that date the Company also changed its name to Alaska Hydro Corporation. The Company commenced trading on the Exchange as a Tier 2 Issuer on September 8, 2010 under its new name and trading symbol "AKH". On January 21, 2019, the Company was assigned trading on the Exchange as a NEX issuer. Alaska Hydro is a British Columbia corporation with its head office located at 2633 Carnation Street North Vancouver, British Columbia, Canada V7H 1H6.

On August 18, 2014 the Company submitted an application for a water license permit to generate electricity from a proposed More Creek hydroelectric project in northwest British Columbia with a nameplate capacity of 75MV.

The Company incurred a net loss of $52,511 for the nine months ended September 30, 2024 (2023 – loss $57,585). The Company had an accumulated deficit of $5,218,235 at September 30, 2024 (December 31, 2023 – deficit $5,165,724). For the Company to continue as a going concern it is dependent upon its ability to raise sufficient financing and to obtain the required licenses for its More Creek Project and to ultimately generate income and cash flows from operations of that project.

The Company does not generate cash flows from operations and, accordingly, the Company will need to raise additional funds through future issuance of securities or debt financing. Although the Company has raised funds in the past, there can be no assurance the Company will be able to raise sufficient funds in the future, in which case the Company may be unable to meet its obligations as they come due in the normal course of business. It is not possible to predict whether financing efforts will be successful or if the Company will attain a profitable level of operations.

The current cash resources are not adequate to pay the Company's accounts payable and to meet its minimum commitments at the date of these financial statements, including planned corporate and administrative expenses, and other project implementation costs. The existence of such material uncertainties creates significant doubt about the Company's ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to the carrying amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") on a basis consistent with those followed in the most recent annual financial statements. These condensed interim financial statements do not include all of the information required for annual financial statements prepared using IFRS Accounting Standards ("IFRS") and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2023.

These condensed interim financial statements were approved and authorized for issuance by the Board of Directors on November 29, 2024.

3. MORE CREEK PROJECT

On August 18, 2014 the Company submitted an application for a water license permit to generate electricity from a proposed hydroelectric project in northwest British Columbia. As at September 30, 2023, the Company had spent $10,500 on the applications for the Water License and Crown Land Tenure. In addition, the Company obtained the approval for the Investigative Use License on February 4, 2015. The application fees of $10,500 have been treated as deposits pending the granting of the license and tenure by the government.

During the nine months ended September 30, 2024, the Company expensed project costs in the amount of $675 (September 30, 2023 - $2,695) related to the project.

On March 14, 2018, the Company announced the acceptance of an Investigative Licence for the Forrest Kerr Diversion Project.

4. RELATED PARTY TRANSACTIONS AND BALANCES

At September 30, 2024, $62,918 (December 31, 2023 - $60,818) was due to a private company controlled by R. Anderson, CFO of the Company.

During the nine months ended September 30, 2024, the Company incurred $9,000 (September 30, 2023 - $9,250) to a private company controlled by R. Anderson, CFO of the Company for providing accounting services.

At September 30, 2024, $4,840 (December 31, 2023 - $6,870) was due to M. Hoole, Director of the Company.

During the nine months ended September 30, 2024, the Company incurred $4,900 (September 30, 2023 - $4,630) to M. Hoole, Director of the Company for providing management services.

During the nine months ended September 30, 2024, the Company received an advance of $37,000 from C. Grandison, the CEO, President and a Director of the Company. The amount payable to C. Grandison is $112,000 as of September 30, 2024, and is non-interest bearing with no fixed terms of repayment.

These transactions are in the normal course of operations and are recorded at their exchange amounts, which is the consideration agreed upon by the related parties.

5. CONVERTIBLE PROMISSORY NOTE

In the years ended December 31, 2020 and 2019, the Interim CEO of the Company, C. Grandison, advanced an aggregate of $100,000 to the Company.

On December 31, 2020, the Company converted these advances into a convertible promissory note with a principal balance of $100,000 (the "Note"). The Note bears interest at 2.0% per annum and matures on January 15, 2026. The Note is convertible at the option of the lender into common shares of the Company at a price of $0.065 per common share if exercised prior to December 31, 2021 and at a price of $0.10 per common share after December 31, 2022. If the share price of the Company on the Exchange exceeds $0.14 every day over a 30 day period, the Company has the option to convert the Note at the same terms as the lender.

As the Note has a variable conversion price, it has been accounted for as a financial liability (debt host) with an embedded derivative (variable conversion feature).

(Expressed in Canadian Dollars)

5. CONVERTIBLE PROMISSORY NOTE (continued)

The carrying values of the Note at September 30, 2024 and December 31, 2023 are as follows:

		Debt		Embedded Derivative		Total
Balance, December 31, 2022	**$**	**56,697**	**$**	**30,000**	**$**	**86,697**
Interest on Note		14,190		-		14,190
Gain on revaluation of derivative		-		(20,000)		(20,000)
Balance, December 31, 2023	**$**	**70,887**	**$**	**10,000**	**$**	**80,887**
Interest on Note		13,081		-		13,081
Balance, September 30, 2024	**$**	**83,968**	**$**	**10,000**	**$**	**93,968**

6. SHARE CAPITAL

(a) Authorized: 100,000,000 common shares without par value.

(b) Issued and Outstanding:

At September 30, 2024, the Company has issued 44,238,353 (2023 - 44,238,353) shares, of which 5,868,603 (2023 – 5,868,603) shares have been surrendered to the Company and are held by the Company without cancellation and 38,369,750 (2023 – 38,369,750) are held by other shareholders.

During the nine months period ended September 30, 2024 and the year ended December 31, 2023, there were no share transactions.

(c) Warrants:

As at September 30, 2024, there were no outstanding warrants.

(d) Options:

The Company grants stock options to directors, officers, employees and consultants as compensation for services, pursuant to its incentive Share Option Plan (the "Plan") options issued must have an exercise price greater than or equal to the "Discounted Market Price" of the Company's shares on the grant date. Options have a maximum expiry period of up to five years from the grant date and vest at such time as may be determined by the Board of Directors at the date of the grant. Options granted to consultants performing investor relations activities shall vest in stages over a 12-month period with a maximum of one-quarter of the options vesting in any three-month period. The number of options that may be issued under the Plan is limited to 8,214,179, 20% of the Company's issued and outstanding shares at the date the Plan was amended.

During the nine months ended September 30, 2024 and the year ended December 31, 2023, no stock options were issued.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)

(d) Options: (continued)

The balance of outstanding and exercisable options is as follows:

	Period Ended September 30, 2024		**Year Ended December 31, 2023**	
	Options Outstanding	Weighted-average price ($)	Options Outstanding	Weighted-average price ($)
Opening balance	4,515,000	0.03	4,515,000	0.03
Closing balance	4,515,000	0.03	4,515,000	0.03
Exercisable	4,515,000	0.03	4,515,000	0.03

The weighted average remaining contractual lives of the outstanding options are:

Expiration Date	Outstanding	Weighted Average Exercise Price	Remaining Contractual Life
November 20, 2024	735,000	0.05	0.14 years
June 29, 2027	3,780,000	0.03	2.75 years
Balance, September 30, 2024	4,515,000	0.03	2.32 years

7. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company is subject to the usual Tier 2 Continuous Listing Requirements, which include, among other things, the requirement for adequate working capital in financial resources of the greater of $50,000, and an amount required to maintain operations for a period of six months. At September 30, 2024, this requirement is not met and accordingly, the Company is currently trading on the NEX. The Company seeks to manage capital to provide adequate funding for its projects while minimizing dilution for its existing shareholders. As the Company is a development stage venture issuer it has limited ability presently to raise money by long term or any other kind of debt. For practical purposes and subject to limited exceptions all of its capital management is directed towards management of its issues of equity including warrants. There is very limited flexibility in its capital management.

8. FINANCIAL INSTRUMENTS AND RISK

Financial Instruments

As at September 30, 2024, the Company's financial instruments consist of bank overdraft, accounts payable and accrued liabilities, amounts due to related parties, advances and convertible promissory note.

Liquidity Risk

All of the Company's current financial liabilities have contractual maturities of 30 days or less or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed commercial paper or similar instruments.

8. FINANCIAL INSTRUMENTS AND RISK (continued)

The Company does not generate cash flows from operations and accordingly the Company will need to raise additional funds through future issuance of securities or debt financing. Although the Company has raised funds in the past, there can be no assurance the Company will be able to raise sufficient funds in the future, in which case the Company may be unable to meet its obligations as they come due in the normal course of business. It is not possible to predict whether financing efforts will be successful or if the Company will attain a profitable level of operations.

The current cash resources are not adequate to meet the Company's minimum commitments at the date of these financial statements, including planned corporate and administrative expenses, and other project implementation costs. These financial statements do not give effect to adjustments that would be necessary to the carrying amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern.

Foreign Exchange Risk

As at September 30, 2024, the Company has no transactions that are in US funds and as a result, it is subject to minimal foreign exchange risk.

Fair Value

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 Inputs that are not based on observable market data

The Company does not have financial assets measured at fair value on a recurring basis as at September 30, 2024.