THE EELLEET NETWORK CORP.

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022

(Expressed in Canadian Dollars)
(Unaudited)

THE EELLEET NETWORK CORP.

Contents

NOTICE OF NO AUDITORS' REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

THE EELLEET NETWORK CORP.
Condensed interim statements of financial position
(Expressed in Canadian dollars)

	Note	**June 30, 2023**	December 31, 2022
		$	$
ASSETS			
Current assets			
Cash		**6,867**	7,723
Amounts receivable		**432**	168
		7,299	7,891
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable		**8,755**	1,176
		8,755	1,176
Shareholders' equity			
Share capital	5	**552,921**	539,721
Contributed surplus		**148,949**	148,927
Deficit		**(703,326)**	(681,955)
		(1,456)	6,715
		7,299	7,891

Nature of operations and basis of presentation (Note 1)

These financial statements were approved and authorized for issuance by the Board of Directors on July 12, 2023 and were signed on its behalf by:

"Dieter Peter"
Dieter Peter, Director

"Eric Peter-Kaiser"
Eric Peter-Kaiser, Director

(The accompanying notes are an integral part of these condensed interim financial statements)

THE EELLEET NETWORK CORP.
Condensed interim statements of comprehensive income (loss)
(Expressed in Canadian dollars)

	For the three months ended June 30 (unaudited)		For the six months ended June 30 (unaudited)	
	2023	2022	**2023**	2022
	$	$	**$**	$
Expenses				
Accounting and legal	**7,750**	12,000	**14,296**	12,000
Office expenses	**111**	161	**569**	656
Share based compensation	**-**	-	**-**	22
Transfer agent and filing fees	**3,395**	2,875	**6,506**	3,928
Net and comprehensive income (loss)	**(11,256)**	(15,036)	**(21,371)**	(16,606)
Net gain (loss) per share, basic and diluted	**(0.00)**	(0.00)$	**(0.00)**	(0.00)
Weighted average number of shares outstanding (Note 5)	**19,177,572**	18,813,727	**19,177,572**	18,813,727

(The accompanying notes are an integral part of these condensed interim financial statements)

THE EELLEET NETWORK CORP.
Condensed interim statements of cash flows
(Expressed in Canadian dollars)

	Six months ended June 30 (unaudited)	
	2023	2022
Cash flows from operating activities		
Net loss for the periods	**$ (21,371)**	$ (16,606)
Items not affecting cash		
Share based compensation	**-**	22
Changes in non-cash working capital items:		
Amounts receivable	**(264)**	279
Accounts payable	**7,473**	200
Accounts to related parties	**106**	(1,058)
	(14,056)	(17,163)
Cash flows from financing activities		
Proceeds from exercise of warrants	**13,200**	-
	13,200	-
Increase/(decrease) in cash and equivalents	**(856)**	(17,163)
Cash and equivalents, beginning	**7,723**	27,680
Cash and equivalents, ending	**$ 6,867**	$ 10,517

(The accompanying notes are an integral part of these condensed interim financial statements)

THE EELLEET NETWORK CORP.
Condensed interim statement of changes in equity
(Expressed in Canadian dollars)

	Share Capital				
	Number of shares	Amount	Contributed surplus	Deficit	Total
		$	$	$	$
Balance, January 1, 2022 (audited)	**18,813,736**	**539,721**	**148,927**	**(661,330)**	**27,318**
Comprehensive loss	-	-	-	(16,606)	(16,606)
Share-based compensation	-	-	22	-	22
Balance, June 30, 2022 (unaudited)	**18,813,736**	**539,721**	**148,949**	**(677,936)**	**10,734**
Balance, January 1, 2023 (audited)	**18,813,736**	**539,721**	**148,949**	**(681,955)**	**6,715**
Comprehensive loss	-	-	-	(21,371)	(21,371)
Issuance of shares through exercise of warrants	400,000	13,200	-	-	13,200
Balance, June 30, 2023 (unaudited)	**19,213,736**	**552,921**	**148,949**	**(703,326)**	**(1,456)**

(The accompanying notes are an integral part of these condensed interim financial statements)

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

The Eelleet Network Corp. ("Eelleet" or the "Company"), formerly Kirkland Precious Metals Corp., was incorporated under the laws of British Columbia, Canada on June 8, 2010. The registered office and principal business address of the Company is 170-422 Richards Street, Vancouver, British Columbia, V6B 2Z4. On January 25, 2016, the Company changed its name to The Eelleet Network Corp. The Company is in the process of identifying a suitable business.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. During the six months ended June 30, 2023, the Company incurred a loss of $21,371 and had an accumulated deficit of $703,326 as at June 30, 2023 which has been funded primarily by the issuance of shares. Ongoing operations of the Company are dependent upon its ability to receive continued financial support, completing public equity financing, or generating profitable operations in the future. Accordingly, there is significant doubt about the Company's ability to continue as a going concern.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. To date, the COVID-19 pandemic has not had a drastic impact on the Company's operations but management continues to monitor the situation. Currently, the potential impact is uncertain and it is difficult to reliably measure the extent of the effect of the COVID-19 pandemic on future financial results.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance and presentation

These condensed interim financial statements have been prepared under IFRS in accordance with International Accounting Standard 34, "Interim Financial reporting" ("IAS 34") and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the Financial Reporting Interpretations Committee ("IFRIC"). These interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the audited financial statements and notes thereto as of and for the year ended December 31, 2022.

The interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These unaudited condensed interim financial statements follow the same accounting policies and methods of application as the annual audited financial statements for the year ended December 31, 2022. The adoption of new accounting standards has had no material impact on the financial statements.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET IMPLEMENTED

New Accounting Standards

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning on or after January 1, 2022, or later periods. The Company was not required to, and has not, adopted any new standards, interpretations, or amendments to existing standards that may have a significant impact on the Company's financial statements.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET IMPLEMENTED (continued)

Standards issued but not yet effective

There were no standards issued but not yet effective up to the date of issuance of the Company's financial statements that might significantly impact the Company.

4. RELATED PARTY BALANCES AND TRANSACTIONS

As at June 30, 2023, the following amounts are due to a related party:

Due to Mineral Hill Industries Ltd. is an amount of $106 (2022 - $Nil)

Key Management personnel compensation

Key management personnel consist of officers and directors of the Company. No remuneration was paid during the six months ended June 30, 2023 and 2022 to any key management personnel. Instead, the Company paid its share of general office expenses to Mineral Hill Industries Ltd, a company listed on the TSX Venture Exchange. Both companies have common directors and officers.

During the six months ended June 30, 2021, the Company granted 355,000 new stock options to employees and directors of the Company. The total share-based compensation recorded was $Nil (2022- $22) for the six months ended June 30, 2023. All outstanding options expired on January 8, 2023.

5. SHARE CAPITAL

a) Authorized share capital

At June 30, 2023, the authorized share capital of the Company comprised an unlimited number of common shares at no par value and an unlimited number of convertible preferred shares, Class-A and Class-B, at no par value.

b) Common shares

During the six months ended June 30, 2023, the Company issued 400,000 common shares pursuant to the exercise of share purchase warrants for gross proceeds of $13,200.

During the year ended December 31, 2021, the Company issued 1,620,000 common shares pursuant to exercises of share purchase warrants for gross proceeds of $54,000.

c) Stock options

The Company grants stock options to employees, directors, officers, and consultants as compensation for services pursuant to its Stock Option Plan (the "Plan"). Options issued pursuant to the Plan are required to have an exercise price not less than the Discounted Market Price as defined in the Plan prevailing on the day that the option is granted. Options have a maximum expiry period of up to five years from the grant date and are subject to the minimum vesting requirements, as determined by the Board of Directors.

The number of stock options that may be issued under the Plan is limited to no more than 10% of the Company's issued and outstanding shares on the grant date. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis.

On January 8, 2021, the Company granted 355,000 stock options to directors and employees. The options vest on various dates, are exercisable at $0.10 per common share and expired on January 8, 2023. The fair value of each option was $0.035.

5. SHARE CAPITAL (continued)

c) Stock options (continued)

During the six months ended June 30, 2023, the Company recorded share-based compensation expense of $Nil (2022 - $22).

The options were valued using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk-free interest rate of 14%, a dividend rate of Nil, and a volatility of 146%.

	Compensation Options
Exercise price per option	$0.10
Share price at date of issue	$0.035
Expected life	2 years
Risk-free interest rate	14%
Dividend yield	Nil
Expected Volatility	146%
Estimated fair value per option	$0.02

Information regarding the Company's stock option activity is summarized below:

	Number of options	Weighted average exercise price
		$
Balance, December 31, 2021 (audited)	355,000	0.10
Granted	-	-
Balance, June 30, 2022 (unaudited)	355,000	0.10
Balance, December 31, 2022 (audited)	355,000	0.10
Expired	(355,000)	0.10
Balance, June 30, 2023 (unaudited)	**-**	**-**

d) Warrants

During the six months ended June 30, 2023, 400,000 share purchase warrants were exercised for gross proceeds of $13,200.

During the year ended December 31, 2021, 1,620,000 share purchase warrants were exercised for gross proceeds of $54,000.

Information regarding the Company's warrant activity is summarized below:

	Number of warrants	Weighted average exercise price
		$
Balance, December 31, 2021 (audited)	**8,150,000**	0.033
Exercised	-	0.033
Balance, December 31, 2022 (audited)	**8,150,000**	0.033
Exercised	(400,000)	-
Expired	(5,950,000)	-
Balance, June 30, 2023 (unaudited)	**1,800,000**	0.033

5. SHARE CAPITAL (continued)

d) Warrants (continued)

On January 25, 2021, the Company's Board of Directors approved an extension of the exercise period of all outstanding warrants by two years from their respective original exercise dates by recognizing the unforeseen and continuing difficult economic situation caused by the global pandemic that prevented the holders of the Company's issued share purchase warrants to exercise those warrants.

The weighted average remaining contractual life of the warrants outstanding at June 30, 2023 is 0.45 years.

The following table summarizes warrants outstanding at June 30, 2023:

Expiry Date	Exercise price	Number of warrants Outstanding
	$	
December 13, 2023	0.033	1,800,000
		1,800,000

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, amounts receivable and accounts payable. The carrying value of these financial instruments approximates their fair values due to their immediate or short-term maturity.

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

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Cash is classified under Level 1.

Level 2 – Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices). The Company does not have any financial instruments classified under Level 2.

Level 3 – Valuations in the level are those with inputs for the asset or liability that are not based on observable market data. The Company does not have any financial instruments classified under Level 3.

Assets measured at fair value on a recurring basis were presented on the Company's statement of financial position as follows:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	June 30, 2023
Cash	$	–	–	$6,867

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The Company's financial instruments are exposed to the following risks:

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held at a large Canadian financial institution in interest bearing accounts.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management and ensuring that sufficient financial resources to meet liabilities as they come due. As at June 30, 2023, the Company had working capital deficiency of $1,456. All the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risk

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

Interest Rate Risk

The Company does not have any financial assets exposed to interest rate risk.

Price Risk

The Company is not exposed to price risk.

Currency Risk

As at June 30, 2023, the Company has not incurred any foreign currency expenditures, and any future equity raised is expected to be predominantly in Canadian dollars. As a result, the Company does not believe it is exposed to any significant currency risk.

7. CAPITAL MANAGEMENT

The Company's capital structure consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company has no surplus as at June 30, 2023 and 2022. There were no changes to the Company's approach to capital management during the six months ended June 30, 2023. The Company is not subject to externally imposed capital requirements. The Company may raise additional debt or equity financing in the near future to meet its obligations.