BLUEWATER ACQUISITION CORP.

A Capital Pool Company

AUDITED FINANCIAL STATEMENTS

May 31, 2024 and 2023

(in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the shareholders of
Bluewater Acquisition Corporation

Opinion
We have audited the financial statements of Bluewater Acquisition Corporation, which comprise the Statements of Financial Position as at May 31, 2024 and 2023, and the Statements of Loss and Changes in Equity and Cash Flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at May 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion
We conducted our audits 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 Financial Statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audits of the 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 audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern
We draw attention to Note 1 in the financial statements, which describes events and conditions indicating 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS accounting standards as issued by the International Accounting Standards Board (IFRS accounting standards), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

INDEPENDENT AUDITOR'S REPORT, continued

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT, continued

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.

Hayden Beck CPA
Professional Corporation
CHARTERED PROFESSIONAL ACCOUNTANT

Medicine Hat, Alberta
July 15, 2025

BLUEWATER ACQUISITION CORP.

Statement of Financial Position

	Note	May 31, 2024	May 31, 2023
ASSETS	1	-	-
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current liabilities			
Bank indebtedness		-	464
Accounts payable and accrued liabilities	4	401,844	379,816
Total liabilities		401,844	380,280
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	5	454,682	454,682
Stock compensation reserve		79,119	79,119
Deficit		(935,645)	(914,081)
		(401,844)	(380,280)
Total liabilities and shareholders' equity (deficiency)		-	-

Going concern	1
Subsequent events	10

See accompanying notes to the financial statements

[signed]

Approved on behalf of the board: Mike Sapountzoglou, Director

BLUEWATER ACQUISITION CORP.

Statement of Loss and Comprehensive Loss

	Note	Year Ended May 31, 2024	2023
Revenue	1, 9	-	-
General and administrative expenses			
Interest and bank charges		4,914	4,621
Professional fees		10,406	17,056
Other general and administrative expenses		6,244	8,354
		21,564	30,031
Net and comprehensive loss		(21,564)	(30,031)
Net loss per share, basic and diluted	7	($0.01)	($0.01)

See accompanying notes to the financial statements

BLUEWATER ACQUISITION CORP.

Statement of Changes in Shareholders' Equity (Deficiency)

In $	Note	Share capital	Stock Compensation Reserve	Deficit	Total
Balance as at June 1, 2022		454,682	79,119	(884,050)	(350,249)
Net and comprehensive loss		-	-	(30,031)	(30,031)
Balance as at May 31, 2023		**454,682**	**79,119**	**(914,081)**	**(380,280)**
Net and comprehensive loss		-	-	**(21,564)**	**(21,564)**
Balance as at May 31, 2024	5	**454,682**	**79,119**	**(935,645)**	**(401,844)**

See accompanying notes to the financial statements

BLUEWATER ACQUISITION CORP.

Statement of Cash Flows

	Note	Year Ended May 31, 2024	2023
OPERATING ACTIVITIES			
Net loss		**(21,564)**	(30,031)
Adjustments to arrive at cash flow from operations:			
Change in trade and other payables	4	**22,028**	29,567
Cash generated by (used in) operating activities		**464**	(464)
Net change in cash		**464**	(464)
Bank indebtedness, beginning of year		**(464)**	-
Bank indebtedness, end of year		**-**	(464)

See accompanying notes to the financial statements

NATURE OF BUSINESS

Bluewater Acquisition Corporation (the "Company") was incorporated on March 9, 2018 by Certificate of Incorporation issued pursuant to the provisions of the Canada Business Corporations Act. The head office and registered office of the Company is located at 2720-308 4 Ave SW Calgary, Alberta T2P 0H7.

The Company is classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Company is the identification and evaluation of assets, or a business, and once identified or evaluated, to negotiate the acquisition or participation in the business (the "Qualifying Transaction"), subject to, if a non-arm's length Qualifying Transaction, receipt of majority approval of the minority shareholders and acceptance by regulatory authorities. Until the completion of a Qualifying Transaction, the Company will not carry on any other business.

The Company's shares commenced trading on November 1, 2018 under the symbol BAQ-P. In October 2022, the Company received a cease trade order ("CTO") due to a failure to file audited financial statements, which remains in effect. Subsequent to May 31, 2024, the Company began the process of seeking a revocation of the CTO in order to enable it to resume operations as a CPC (See Note 10).

1) GOING CONCERN

Going concern

These Financial Statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations.

The Company's management recognizes that it has no cash or other assets with which to satisfy its financial obligations presently or for the next 12 months. The continuation of the Company is dependent upon the continuing financial support of shareholders and the completion of a Qualifying Transaction. Management is taking steps to settle its liabilities, resume trading on the Exchange and re-capitalize the Company in order to enable the Company to continue to pursue its objectives as a CPC (see Note 10).

If the Company is successful in obtaining a revocation of the CTO, there is no assurance that the Company will identify a business or asset that warrants acquisition or participation.

Where an acquisition or participation is warranted, additional funding will be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing.

Should the Company be unable to continue as a going concern, it may be unable to satisfy its liabilities. These Financial Statements do not reflect adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company was unable to realize its assets and settle its liabilities as a going concern in the normal course of operation. These adjustments could be material.

2) BASIS OF PRESENTATION

Statement of compliance

These financial statements for the years ended May 31, 2024 and 2023 (“Financial Statements”) have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These Financial Statements were approved and authorized for issue by the Company’s board of directors (“Board”) on July 15, 2025.

Basis of presentation

These Financial Statements have been prepared under the historical cost convention and are expressed in Canadian dollars unless otherwise indicated. Other measurement bases used are outlined in Note 3 and in other applicable notes.

3) ACCOUNTING POLICIES

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The Company’s financial instruments include bank indebtedness and accounts payable and accrued liabilities. The carrying value of current financial instruments approximate their fair value due to their immediate or short term to maturity, or their ability for liquidation at comparable amounts.

The Company has made the following classifications:

Financial liabilities at amortized cost
Financial liabilities at amortized cost include trade accounts payable and accrued liabilities. Current financial liabilities are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, they are measured at amortized cost using the effective interest method.

Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly 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 end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rate and laws that have been enacted or substantively enacted at the statement of financial statement date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred income tax assets and liabilities are presented as non-current.

Loss per common share

Basic loss per common share is calculated by dividing the net loss by the weighted average number of common shares outstanding during the period. Diluted loss per common share is calculated by dividing the applicable net loss by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued during the period. If the Company incurs a net loss during a reporting period, the calculation of fully diluted loss per share will not include potentially dilutive equity instruments which would reduce the net loss per share.

Critical accounting estimates, judgments and measurement uncertainty

The preparation of the Company's financial statements, in conformity with IFRS, requires management of the Company to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. These estimates and judgments have been applied in a manner consistent with prior periods.

The following discusses the most significant accounting judgments and estimates that the Company has made in the preparation of these Financial Statements.

a. Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income before they expire. The Company's assessment is based upon existing tax laws and estimates of future taxable income. If the assessment of the Company's ability to utilize the underlying future tax deductions changes, the Company would be required to recognize more or fewer of the tax deductions as assets, which would decrease or increase the income tax expense in the period in which this is determined (see Note 6).

b. Share-based payments

The company uses the Black-Scholes option pricing model to determine the fair value of options in order to calculate share-based payments expense and the fair value of stock options. The Black-Scholes option pricing model involves key inputs to determine fair value of an option: risk-free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. the Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based payments expense.

c. Going concern

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements as discussed in Note 1.

d. Fair value of financial instruments

The estimated fair value of financial assets and liabilities, by their nature, are subject to measurement uncertainty.

4) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

In $, Balance comprised of:	**May 31, 2024**	**May 31, 2023**
Trade accounts payable	**371,844**	359,816
Accrued expenses	**30,000**	20,000
	401,844	379,816

5) SHARE CAPITAL AND STOCK COMPENSATION

Authorized share capital

The Company is authorized for an unlimited number of shares without nominal or par value as follows:

- Unlimited number of voting common shares
- Unlimited number of preferred shares issuable in series

Common shares issued and outstanding

		Share Capital	
Balance as at May 31, 2022, 2023 and 2024:	**Note**	**Number**	**$**
Contingently issuable shares issued at $0.05 per share on incorporation	a	3,500,000	175,000
Shares issued in 2018 at $0.10 per share, net of issuance costs of $141,968		4,216,500	279,682
		7,716,500	**454,682**

a. Common shares held in escrow

Of the common shares issued, 3,500,000 are held in escrow. Ten percent (10%) of the common shares held in escrow will be released on the issuance of the Final Exchange Bulletin and an additional fifteen percent (15%) will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release. These common shares are considered contingently issuable until the Company completes a Qualifying Transaction.

Stock option plan

The Company has adopted an incentive stock option plan in accordance with the policies of the Exchange (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares. The Stock Option Plan provides that options shall be exercisable for the duration set out in the individual option agreements, which in no event shall exceed ten (10) years from the date such options are granted. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors determines the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of the Exchange.

As at May 31, 2024 and 2023, the Company had 771,650 stock options outstanding and exercisable with weighted average exercise price of $0.10. The weighted average remaining life of the options as at May 31, 2024 is 4.43 years (2023 – 5.43).

6) INCOME TAXES

A reconciliation of income taxes at statutory rates of 26.5% (2023 – 26.5%) with the reported taxes for the years ending May 31st 2024 and 2023 is as follows:

In $	2024	2023
Net loss for the year before income taxes	(21,564)	(30,031)
Expected income tax at statutory tax rates (26.5%)	(5,714)	(7,958)
Tax effects of:		
Change in unrecognized deductible temporary differences	5,714	7,958
Total income tax expense	-	-

For Canadian income tax purposes, the Company has losses carried forward from prior years totaling $990,607 which can be applied to reduce future years' taxable income. These losses, if not fully utilized, will expire throughout 2039-2044.

Deferred income tax assets are recognized for loss carry-forwards and other deductible temporary differences to the extent that the realization of the related tax benefit through future taxable profits is probable. As the Company has no history of tax-basis profitability or other supporting evidence of future profitability to support the recognition of deferred tax assets in excess of deferred tax liabilities, the net deferred tax assets are not recognized. The full balance of unrecognized deferred tax assets which, if recognized, would total $262,511, consists of losses available for offset against future taxable income.

7) LOSS PER SHARE

Basic loss per share is calculated by dividing the net loss by the weighted average number of shares outstanding during the year. The potentially dilutive common shares issuable on the stock options are non-dilutive and are therefore excluded from the diluted loss per share. The weighted average number of shares outstanding for the years ended May 31, 2024 and 2023 was 4,216,500 (excluding the 3,500,000 contingently issuable shares held in escrow, see Note 5).

8) FINANCIAL INSTRUMENTS RISKS & UNCERTAINTIES

The Company's current financial instruments include bank indebtedness and accounts payable and accrued liabilities and are measured at amortized cost. The carrying values of these instruments approximate their fair value due to their short-term maturities.

The Company's activities are exposed to a variety of financial risks, with liquidity risk being the primary one. It is management's opinion that the Company is not exposed to significant credit, interest, or currency risks arising from its financial instruments. The Company's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by financial management in conjunction with overall corporate governance.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient working capital to meet liabilities when due. As at May

31, 2024, the Company had no assets with which to pay liabilities of $401,844. The Company will need to raise additional capital in order to fulfill its present obligations (see Note 10).

9) CAPITAL MANAGEMENT

The Company is a Capital Pool Company and considers items included in shareholders' equity as capital.

The Company has only short-term liabilities in the form of accounts payable. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids, or make special distributions to shareholders.

The Company currently has no source of revenues. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is dependent upon the continuing financial support of shareholders.

The Company failed to meet its objective with the capital previously raised, and the entity will need to be re-capitalized in order to meet its objective in the future (see Note 10).

The Company's objectives when managing capital are:

- to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,
- to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets of businesses for future investment, with the exception that up to $3,000 per month may be used for reasonable general and administrative expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

10) SUBSEQUENT EVENTS

In September 2024, the Company entered into a joint memorandum of understanding with its legal counsel (a major creditor of the Company with relation to balances owed) and an investor group ("Investor") interested in recapitalizing the Company. Under this agreement, the Company and the Investor agreed to jointly retain the legal counsel to apply to have the CTO lifted and complete a Qualifying Transaction, with the following steps:

1) Apply for a partial revocation of the CTO in order to raise up to $165,000 to fund the next steps
2) Assist in negotiations with creditors of the Company for assignments of debt to the Investor or otherwise manage the outstanding debt of the Company
3) Assist in completing all filings and other requirements and apply for a full revocation of the CTO
4) Assist in completing a Qualifying Transaction

In September 2024, the Investor paid a $15,000 retainer on behalf of the Company to start the above process, and in October 2024, the application described in step 1 above was submitted. As of the current date, step 2 is in process.