

SMARTSET SERVICES INC.

FINANCIAL STATEMENTS

Years ended March 31, 2025 and 2024

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Smartset Services Inc.

Opinion

We have audited the financial statements of Smartset Services Inc. (the "Company"), which comprise the statements of financial position as at March 31, 2025 and 2024, and the statements of operations and comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2025 and 2024, 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 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 audit 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 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 indicates that the Company has not generated any revenue and has no active business during the year ended March 31, 2025 and, as at that date, the Company has an accumulated deficit of \$929,430. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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 financial statements for the year ended March 31, 2025. These matters were addressed in the context of our audit of the 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 of our report, we have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the 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 financial statements of the current period and 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 Henry Chow.

A handwritten signature in black ink that reads "SATURNA GROUP LLP". The letters are stylized and cursive, with the "S" being particularly large and flowing into the rest of the name.

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

June 20, 2025

SMARTSET SERVICES INC.
STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)

	March 31, 2025 \$	March 31, 2024 \$
Assets		
Current assets		
Cash and cash equivalents	332,492	265,721
Accrued interest receivable	4,920	5,179
Total assets	337,412	270,900
Shareholders' equity		
Share capital	1,192,869	1,192,869
Share-based payment reserve	73,973	73,973
Deficit	(929,430)	(995,942)
Total shareholders' equity	337,412	270,900
Total liabilities and shareholders' equity	337,412	270,900

Nature and continuance of operations (Note 1)

Approved and authorized for issue by the Board of Directors on June 20, 2025:

Signed "Josh Gerstein"

Josh Gerstein
Director

Signed "Randy Clifford"

Randy Clifford
Director

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

SMARTSET SERVICES INC.
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(EXPRESSED IN CANADIAN DOLLARS)

	Year ended March 31, 2025 \$	Year ended March 31, 2024 \$
Expenses		
General and administrative	966	826
Professional fees	25,652	52,927
Share-based compensation (Note 6)	–	29,005
Transfer agent and filing fees	15,896	20,110
Total expenses	42,514	102,868
Loss before other income	(42,514)	(102,868)
Other income		
Interest income	14,026	5,823
Recovery of loan receivable (Note 4)	95,000	155,000
Total other income	109,026	160,823
Net income and comprehensive income	66,512	57,955
Earnings per share, basic and diluted	0.00	0.00
Weighted average number of shares outstanding, basic and diluted	15,800,000	15,709,016

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

SMARTSET SERVICES INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(EXPRESSED IN CANADIAN DOLLAR)

	Share Capital		Share-based payment reserve	Deficit	Total
	Number of shares	Amount \$			
Balance, March 31, 2023	15,500,000	1,179,248	44,968	(1,053,897)	170,319
Shares issued for cash	300,000	15,000	—	—	15,000
Share issuance costs	—	(1,379)	—	—	(1,379)
Fair value of stock options	—	—	29,005	—	29,005
Net income for the year	—	—	—	57,955	57,955
Balance, March 31, 2024	15,800,000	1,192,869	73,973	(995,942)	270,900
Net income for the year	—	—	—	66,512	66,512
Balance, March 31, 2025	15,800,000	1,192,869	73,973	(929,430)	337,412

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

SMARTSET SERVICES INC.
STATEMENTS OF CASH FLOWS
EXPRESSED IN CANADIAN DOLLARS

	Year ended March 31, 2025 \$	Year ended March 31, 2024 \$
Operating activities		
Net income	66,512	57,955
Items not involving cash:		
Share-based compensation	—	29,005
Changes in non-cash operating working capital:		
Accrued interest receivable	259	(5,179)
Accounts payable and accrued liabilities	—	(26,361)
Net cash provided by operating activities	66,771	55,420
Financing activities		
Proceeds from the issuance of shares	—	15,000
Share issuance costs	—	(1,379)
Net cash provided by financing activities	—	13,621
Change in cash and cash equivalents for the year	66,771	69,041
Cash and cash equivalents, beginning of year	265,721	196,680
Cash and cash equivalents, end of year	332,492	265,721
Cash and cash equivalents are comprised of:		
Cash in bank	12,492	34,721
Cashable guaranteed investment certificates	320,000	230,000
Cash in legal trust account	—	1,000
Total cash and cash equivalents	332,492	265,721

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

1. NATURE OF BUSINESS AND CONTINUANCE OF OPERATIONS

Smartset Services Inc. (the “Company”) was incorporated on May 9, 2013 pursuant to the provisions of the *Business Corporations Act* (Alberta) and was continued into British Columbia on February 2, 2018. The Company was formed to complete an Initial Public Offering (“IPO”) and became classified as a Capital Pool Company (“CPC”) as defined in the TSX Venture Exchange (“TSXV”) Policy 2.4. The Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (“QT”). The head office and the registered office of the Company is located at Suite 1500, Royal Centre, 1055 West Georgia Street, Vancouver, BC, V6E 4N7.

As a CPC, the Company’s principal business objective will be to identify and evaluate assets, properties, or businesses with a view to a potential acquisition or participation by completing a QT subject, in certain cases, to shareholders’ approval and acceptance by the TSXV. There is no assurance that the Company will identify and successfully acquire businesses or assets that will produce a profit. Moreover, if a potential business or asset is identified which warrants acquisition or participation, additional funds may be required to complete the acquisition or participation and the Company may not be able to obtain such financing on terms which are satisfactory to the Company.

Going Concern

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. During the year ended March 31, 2025, the Company has not generated any revenues and has no active business. As at March 31, 2025, the Company has an accumulated deficit of \$929,430. The Company’s continuing operations are dependent upon its ability to identify, evaluate, and negotiate a QT. If the QT is identified or completed, additional funding may be required and there is no assurance that the Company will be able to obtain such financing, if any, on terms that are acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. These financial statements do not include any adjustments to the recorded assets or liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material to the financial statements.

2. MATERIAL ACCOUNTING POLICIES

(a) Statement of Compliance and Basis of Presentation

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is also the Company’s functional currency.

(b) Use of Estimates and Judgments

The preparation of these financial statements in conformity with IFRS requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. It also requires management to exercise its judgment in the processing of applying the Company’s accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The impacts of such estimates and judgments are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates and judgments are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. Actual results could differ from these estimates.

2. MATERIAL ACCOUNTING POLICIES (continued)

(b) Use of Estimates and Judgments (continued)

Significant areas requiring the use of estimates include the fair value of share-based compensation and the recoverability of unrecognized deferred income tax assets.

The Company's assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

(c) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to a known amount of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(d) Financial Instruments

The Company does not have any derivative financial instruments.

Financial assets

The Company recognizes financial assets at fair value net of transaction costs directly attributable to the acquisition of the financial asset. After initial recognition, the Company classifies financial assets as either: (i) amortized cost; (ii) fair value through other comprehensive income; or (iii) fair value through profit or loss. The classification depends on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. Management determines the classification of financial assets at initial recognition.

A financial asset is classified as amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

A financial asset is classified as fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is classified as fair value through profit or loss unless it is measured at amortized cost or as fair value through other comprehensive income. Upon initial recognition, a financial asset can be irrevocably designated as fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains or losses on the financial asset on different bases.

The Company's cash and cash equivalents and accrued interest receivable are classified as amortized cost. The Company does not have any financial assets classified as fair value through profit or loss or fair value through other comprehensive income.

Financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2. MATERIAL ACCOUNTING POLICIES (continued)

(d) Financial Instruments (continued)

Financial liabilities (continued)

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The Company's accounts payable and accrued liabilities are classified as amortized cost.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the assets have been impacted. Factors that could indicate impairment of financial assets include significant financial difficulty, default or delinquency in payment, bankruptcy, or financial reorganization.

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. The Company will recognize a loss allowance for expected credit loss for a financial instrument equal to the lifetime expected credit loss if the credit risk on that financial instrument has increased significantly since initial recognition. Conversely, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Company shall measure the loss allowance for that financial instrument at an amount equal to the expected credit losses for the next twelve months. The expected credit loss shall be measured in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

(e) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2. MATERIAL ACCOUNTING POLICIES (continued)

(f) Loss Per Share

Basic loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period. Diluted loss per share is computed by dividing the net income 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. Potentially dilutive securities are excluded from the calculation of dilutive loss per share as they are anti-dilutive. As at March 31, 2025, the Company has 1,580,000 (2024 – 1,580,000) potentially dilutive shares outstanding.

(g) Share-based Payments

The Company grants share-based awards to employees and directors as an element of compensation. The fair value of the awards is recognized over the vesting period as share-based compensation expense and share-based payment reserve. The fair value of share-based payments is determined using the Black-Scholes option pricing model using estimates at the date of the grant. At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognized in the statement of operations with a corresponding entry within equity, against share-based payment reserve. No expense is recognized for awards that do not ultimately vest. When stock options are exercised, the proceeds received, together with any related amount in share-based payment reserve, are credited to share capital.

Share-based payments arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, unless the fair value cannot be estimated reliably. If the Company cannot reliably estimate the fair value of the goods or services received, the Company will measure their value by reference to the fair value of the equity instruments granted.

(h) Comprehensive Income (Loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of operations. The Company does not have any items affecting comprehensive income or loss.

(i) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended March 31, 2025. These accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 – Presentation and Disclosure in Financial Statements which will replace IAS 1, Presentation of Financial Statements. The key new concepts introduced in IFRS 18 relate to the structure of the statement of earnings (loss), required disclosures in the financial statements for certain earnings or loss performance measures that are reported outside an entity's financial statements and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027, and also applies to comparative information. The Company is still in the process of assessing the impact of this standard on its financial statements.

2. MATERIAL ACCOUNTING POLICIES (continued)

(i) Accounting Standards Issued But Not Yet Effective (continued)

Classification of liabilities as current or non-current (amendments to IAS 1, presentation of financial statements)

On January 23, 2020, an amendment was issued to IAS 1 to address inconsistencies with how entities apply the standards over classification of current and non-current liabilities. The amendment serves to address whether, in the statement of financial position, debt and other liabilities with an uncertain settlement should be classified as current or non-current. This amendment is effective on January 1, 2024. The Company adopted the amendment on the effective date and the adoption did not have a material impact on the Company's financial statements.

Non-current liabilities with covenants (amendments to IAS 1)

The amendments to IAS 1 specify that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and are to be applied retrospectively. The Company adopted the amendment on the effective date and the adoption did not have a material impact on the Company's financial statements.

Amendments to the Classification and Measurement of Financial Instruments ("Amendments to IFRS 9 and IFRS 7")

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 which clarify the date of recognition and derecognition of some financial assets and liabilities with a new exception for some financial liabilities settled through an electronic cash transfer system, clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion, add new disclosures for certain instruments with contractual terms that can change cash flows such as instruments with features linked to the achievement of environment, social and governance targets; and update the disclosures for equity instruments designated at FVOCI. Amendments to IFRS 9 and IFRS 7 is effective for periods beginning on or after January 1, 2026, with early adoption permitted. The Company is still in the process of assessing the impact of this standard on its financial statements.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instruments and related risks. Those risks and management's approach to mitigating those risks are as follows:

(a) Fair Values

The fair values of financial instruments, which include cash and cash equivalents, and accrued interest receivable, approximate their carrying values due to the relatively short-term maturity of these instruments.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consists of cash and cash equivalents. The Company will limit its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant company. The Company has no foreign exchange rate risk.

(d) Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize such a loss is limited because the Company has no liabilities with variable rates.

(e) 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 plans on settling its financial obligations out of cash. The ability to do this relies on the Company raising debt and equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. There is no assurance that financing will be available or, if available, that such financing will be on terms acceptable to the Company.

4. LOAN RECEIVABLE

On January 21, 2022, the Company advanced \$250,000 to Great Southern Gold Corp. ("GSG"), a company for which the Company had entered into a proposed qualifying transaction ("QT") (refer to Note 8). The loan was secured by a first-ranking general security agreement of all assets of GSG and its subsidiaries. The loan was non-interest bearing and due on demand. In the event that the qualifying transaction was cancelled or terminated, any remaining loan receivable amount bears interest at 2.5% per annum commencing 120 days after the date of cancellation or termination of the qualifying transaction.

During the year ended March 31, 2023, the proposed QT with GSG was cancelled and the loan receivable of \$250,000 was impaired due to uncertainty of collection under IFRS 9. During the year ended March 31, 2025, the Company recovered \$95,000 (2024 - \$155,000) of the loan receivable from GSG.

5. SHARE CAPITAL

Authorized: unlimited common shares

On July 20, 2023, the Company issued 300,000 common shares at \$0.05 per share to officers and directors of the Company for proceeds of \$15,000. As part of the issuance, the Company incurred share issuance costs of \$1,379.

SMARTSET SERVICES INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2024 AND 2023
EXPRESSED IN CANADIAN DOLLARS

6. STOCK OPTIONS

	Number of options	Weighted average Exercise price \$
Outstanding, March 31, 2023	800,000	0.10
Granted	1,177,500	0.10
Cancelled	(397,500)	0.10
Outstanding, March 31, 2024 and 2025	1,580,000	0.10

During the year ended March 31, 2024, the Company granted 1,177,500 stock options to various officers and directors of the Company which are exercisable at \$0.10 per share until August 15, 2033. The fair value of stock options of \$29,005 was determined using the Black-Scholes option pricing model assuming an expected life of 3 years, volatility of 306%, risk-free rate of 4.34%, and no expected dividends or forfeitures.

Additional information regarding stock options outstanding as at March 31, 2025, is as follows:

Range of exercise prices \$	Stock options outstanding and exercisable	Weighted average remaining contracted life (years)
0.10	1,580,000	7.2

7. CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company and its Board of Directors will balance its overall capital structure through share issuances or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is subject to externally imposed capital requirements under TSX-V Policy 2.4 for Capital Pool Companies and the Company's overall strategy with respect to risk management remains unchanged from the year ended March 31, 2024.

8. INCOME TAXES

The tax effect (applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2025 \$	2024 \$
Canadian statutory income tax rate	27%	27%
Income tax provision at statutory rate	17,958	15,648
Tax effect of:		
Permanent differences and other	—	7,459
Change in unrecognized deferred income tax assets	(17,958)	(23,107)
Income tax provision	—	—

SMARTSET SERVICES INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2024 AND 2023
EXPRESSED IN CANADIAN DOLLARS

8. INCOME TAXES (continued)

The significant components of deferred income tax assets and liabilities are as follows:

	2025 \$	2024 \$
Deferred income tax assets		
Non-capital losses carried forward	256,878	274,134
Share issuance costs	223	925
Unrecognized deferred income tax assets	(257,101)	(275,059)
Net deferred income tax asset	—	—

As at March 31, 2025, the Company has non-capital losses carried forward of \$951,400 which are available to offset future years' taxable income. The non-capital losses expire as follows:

	\$
2041	79,619
2042	379,237
2043	492,544
	951,400