KALMA CAPITAL CORP.

(A CAPITAL POOL COMPANY)

FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders
Kalma Capital Corp.

Opinion

We have audited the accompanying financial statements of Kalma Capital Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2025 and 2024 and the statements of loss and comprehensive loss, 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, these financial statements present fairly, in all material respects, the financial position of the Company as at December 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 Accounting Standards).

Basis for Opinion

We conducted our audit 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 in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about 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 of the current year. 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, we have determined that there are no other key audit matters to communicate in our auditor's report.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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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.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we 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 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.

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.

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 are 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 Yu Li.

Davidson & Company LLP

Chartered Professional Accountants　　　　Vancouver, Canada

April 10, 2026

(Expressed in Canadian Dollars)

	Note	As at December 31, 2025 $	As at December 31, 2024 $
ASSETS			
Current assets			
Cash		56,156	120,346
Prepaid expenses		-	1,575
TOTAL ASSETS		**56,156**	**121,921**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	5	12,806	17,231
TOTAL LIABILITIES		**12,806**	**17,231**
SHAREHOLDERS' EQUITY			
Share capital	4	363,333	363,333
Reserve	4	67,829	67,829
Deficit		(387,812)	(326,472)
TOTAL SHAREHOLDERS' EQUITY		**43,350**	**104,690**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**56,156**	**121,921**
Incorporation and nature of business	1		

These financial statements were approved for issue by the Board of Directors and signed on its behalf by:

/s/ Luc Pelchat Director **/s/ Peter Hawley Director**

(Expressed in Canadian Dollars)

	Note	For the year ended December 31, 2025 $	December 31, 2024 $
Expenses			
Bank charges		936	830
Legal fees		13,100	15,023
Office		966	656
Professional fees	5	30,217	41,523
Regulatory and filing fees		16,121	17,690
Good and services tax receivable not recoverable	3	-	9,660
Total loss and comprehensive loss		**61,340**	**85,382**
Basic and diluted loss per share for the year attributable to common shareholders		(0.02)	(0.03)
Weighted average number of common shares outstanding - basic and diluted		3,000,000	3,000,000

(Expressed in Canadian Dollars)

		Share capital		Reserves			
	Note	Number of shares	Amount $	Options $	Warrant $	Deficit $	Total Shareholders' Equity $
Balance as at December 31, 2024		**7,000,200**	**363,333**	**45,004**	**22,825**	**(326,472)**	**104,690**
Net loss for the year		-	-	-	-	(61,340)	**(61,340)**
Balance as at December 31, 2025		**7,000,200**	**363,333**	**45,004**	**22,825**	**(387,812)**	**43,350**

Balance as at December 31, 2023		**7,000,200**	**363,333**	**45,004**	**22,825**	**(241,090)**	**190,072**
Net loss for the year		-	-	-	-	(85,382)	**(85,382)**
Balance as at December 31, 2024		**7,000,200**	**363,333**	**45,004**	**22,825**	**(326,472)**	**104,690**

(Expressed in Canadian Dollars)

	Note	For the years ended December 31, 2025	December 31, 2024
		$	$
Cash flows from OPERATING ACTIVITIES			
Net loss		(61,340)	(85,382)
Adjustments for items not affecting cash:			
Goods and services tax receivable not recoverable		-	9,660
Change in non-cash working capital			
Prepaid expenses		1,575	(1,575)
Accounts payable and accrued liabilities		(4,425)	(4,627)
Cash flow used in operating activities		**(64,190)**	**(81,924)**
Decrease in cash		**(64,190)**	**(81,924)**
Cash, beginning of year		**120,346**	**202,270**
Cash, end of year		**56,156**	**120,346**
Supplementary cash flow information			
Cash paid during the year for interest		-	-
Cash paid during the year for income taxes		-	-

1. INCORPORATION AND NATURE OF BUSINESS

Kalma Capital Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on March 9, 2021 and as of the Listing Date (as defined below) is classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4.

On June 23, 2023 (the "Listing Date"), the Company listed on the TSX-V under the symbol "KALM.P".

On the Listing Date, the Company completed its initial public offering ("IPO") of 3,000,000 common shares at $0.10 per share for gross proceeds of $300,000 and was listed on the TSX-V as a CPC. Haywood Securities Inc. (the "Agent") acted as agent for the IPO (Note 4).

The head office and the registered head office of the Company is located at Suite 2000, 1111 West Georgia Street Vancouver, B.C. V6E 4G2.

On April 10, 2026 the Board of Directors approved the financial statements for the year ended December 31, 2025.

The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Company has not commenced commercial operations and has no non-current assets. Given the nature of the activities, no separate segmented information is reported. The Company's continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders' approval.

These financial statements have been prepared on a 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 for the foreseeable future. The continuing operations of the Company are dependent upon its ability to raise adequate financing to acquire and develop its business interests, and to commence profitable operations in the future. As of December 31, 2025, the Company has not generated any revenues, had working capital of $43,350 (December 31, 2024 – $104,690) and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION

Statement of compliance with International Financial Reporting Standards

These financial statements of the Company have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Presentation

The financial statements are presented in Canadian dollars ("CAD"), which is the Company's functional and presentation currency. The financial statements are prepared on a historical cost basis except for certain financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

Estimates

The preparation of financial statements in conformity with IFRS accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates used in the financial statements.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Deferred tax assets & liabilities

The measurement of deferred income tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of 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 prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful operations of the Company. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred tax provisions or recoveries could be affected.

Going concern

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 1.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

Cash

Cash comprises of cash on hand and deposits held on call with banks.

Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options and share purchase warrants are classified as equity instruments. Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the fair value of the common shares at the time the units are priced, then to warrants on a residual value basis. The Company has no warrants outstanding.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in shareholders' equity, in which case it is recognized in shareholders' equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax is recorded by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, excluding seed shares which are held in escrow. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

Financial instruments

- **Financial assets**

  Classification and measurement

  The Company classifies its financial assets in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (“FVTOCI”) or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

  The classification of debt instruments is driven by the business model for managing the financial assets and their contractual cash flow characteristics. Debt instruments are measured at amortized cost if the business model is to hold the instrument for collection of contractual cash flows and those cash flows are solely principal and interest. If the business model is not to hold the debt instrument, it is classified as FVTPL. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

  Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL, for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument by-instrument basis) to designate them as at FVTOCI.

  Financial assets at FVTPL – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the statement of loss in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

  Financial assets at FVTOCI – Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. As of December 31, 2025 and 2024, the Company has no financial assets classified as FVOCI.

  Financial assets at amortized cost – Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date. As of December 31, 2025 and 2024, the Company has classified its cash as financial assets at amortized cost.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

Financial instruments (continued)

- **Financial assets (continued)**

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Derecognition of financial assets
Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the profit or loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

- **Financial liabilities**

Classification and measurement
The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss (FVTPL) – This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities – This category consists of liabilities carried at amortized cost using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. As of December 31, 2025 and 2024, the Company has classified its accounts payable and accrued liabilities as other financial liabilities.

Derecognition of financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

Share-based payments

Share-based payment transactions

Employees (including directors and senior executives) of the Company, and individuals providing similar services to those performed by direct employees, receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions"). The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments issued to non-employees are measured at the fair value of goods or services received.

New accounting standards issued and not yet effective

The IASB has issued IFRS 18, Presentation and Disclosure in Financial Statements, replacing IAS 1, Presentation of Financial Statements. IFRS 18 introduces revised requirements for presenting and disclosing financial information, with the objective of improving consistency and comparability across entities. The updates include the definition of subtotals in the statement of profit or loss, such as operating profit and profit before financing and income taxes. Furthermore, it requires the disclosure of management-defined performance measures (MPMs), which are subtotals not specified by IFRS but represent management's view of performance. In addition, IFRS 18 enhances the principles of aggregation and disaggregation to ensure that material information is not obscured. This new standard is effective for annual reporting periods beginning on or after January 1, 2027, with early application permitted. The Company is currently evaluating the potential effects of IFRS 18 on its financial statements. Although the adoption of IFRS 18 is expected to improve the presentation and disclosure of financial information, it is not anticipated to have a material impact on the Company's financial position or performance.

3. GOODS AND SERVICES TAX RECEIVABLE

As disclosed in Note 1, the Company is classified as a Capital Pool Company (CPC), as defined in TSX-V Policy 2.4. As a result, the Company is ineligible for Goods and Services Tax (GST) Input Tax Credits (ITC) under applicable Canadian tax laws and regulations. Consequently, for the year ended December 31, 2024, the Company recognized an impairment of the GST receivable amounting to $9,660 and charged to the statements of loss and comprehensive loss for the year ended December 31, 2024.

4. SHARE CAPITAL

Authorized share capital

- Unlimited number of common shares without par value.

Issued share capital

At December 31, 2025 and December 31, 2024, the Company had 7,000,200 common shares issued and outstanding.

During the year ended December 31, 2025 and 2024, no share capital transactions occurred.

(Expressed in Canadian Dollars)

4. SHARE CAPITAL (CONTINUED)

Escrowed Shares

The Company entered into an escrow agreement (the "Escrow Agreement") in relation to 4,000,200 seed shares ("Seed Shares") issued prior to the Company's IPO (June 23, 2023), whereby the Seed Shares were deposited in escrow. Pursuant to the Escrow Agreement, all common shares of the Company acquired in the secondary market prior to the completion of a QT by non-arm's length parties, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer will also be subject to escrow.

At December 31, 2025 and December 31, 2024, 4,000,200 issued and outstanding common shares are held in escrow pursuant to the requirements of the Exchange.

Warrants

No warrants were granted, exercised or cancelled during the years ended December 31, 2025 and 2024.

The following summarizes information about warrants outstanding and exercisable at December 31, 2025:

Expiry date	Exercise price ($)	Warrants outstanding	Estimated grant date fair value ($)	Weighted average remaining contractual life (in years)
June 23, 2028	0.10	300,000	22,825	2.48

Options

Options may be granted for a maximum term of ten years from the date of the grant. They are non-transferable and are exercisable as determined by the Directors when the option is granted. Options expire within 12 months of termination of employment or holding office as director or officer of the Company and, in the case of death, expire within a maximum period of one year after such death, subject to the expiry date of the option. The stock option plan is subject to regulatory approval.

Any shares issued upon exercise of the options prior to the Company entering into a QT will be subject to escrow restrictions.

No options were granted, exercised or cancelled during the years ended December 31, 2025 and 2024.

The following summarizes information about stock options outstanding and exercisable at December 31, 2025:

Expiry date	Exercise price ($)	Options outstanding	Options exercisable	Estimated grant date fair value ($)	Weighted average remaining contractual life (in years)
October 1, 2031	0.05	400,200	400,200	17,873	5.75
June 23, 2033	0.10	300,000	300,000	27,131	7.48
		700,200	**700,200**	**45,004**	6.49

5. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of its Executive Officers and Directors. Other related parties to the Company include companies in which key management have control or significant influence.

During the year ended December 31, 2025, the Company incurred accounting fees of $15,750 for services provided by an accounting firm whose senior manager is an officer of the Company (December 31, 2024 – $28,613). As of December 31, 2025, $592 is included in accounts payable and accrued liabilities for these services (December 31, 2024 – $898).

There were no other transactions with related parties and no remuneration was paid to key management personnel during the years ended December 31, 2025 and 2024.

6. CAPITAL MANAGEMENT

The Company defines its components of shareholders' equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue business opportunities and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust capital structure, the Company may consider issuing new shares, and/or issue debt, acquire or dispose of assets, or adjust the amount of cash on hand.

The Company's investment policy is to keep its cash on deposit in an interest-bearing Canadian chartered bank account. There have been no changes to the Company's approach to capital management at any time during the year ended December 31, 2025. The Company is not subject to externally imposed capital requirements.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or 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 QT by the Company pursuant to Policy 2.4 of the TSX-V.

7. FINANCIAL INSTRUMENTS

Fair value

Financial instruments are classified into one of the following categories: FVTPL, amortized cost and FVTOCI.

The carrying values of cash, accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of those financial instruments.

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

(Expressed in Canadian Dollars)

6. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value (continued)

Level 2: 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: Inputs that are not based on observable market data.

As of December 31, 2025 and December 31, 2024, there were no financial assets or liabilities measured and recognized in the statement of financial position at fair value that would be categorized as Level 1, 2 and 3 in the fair value hierarchy above.

Set out below are the Company's financial assets and liabilities by category:

	December 31, 2025	FVTPL $	Amortized costs $	FVTOCI $
Financial assets:				
ASSETS				
Cash	56,156	-	56,156	-
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	(12,806)	-	(12,806)	-

	December 31, 2024	FVTPL $	Amortized costs $	FVTOCI $
Financial assets:				
ASSETS				
Cash	120,346	-	120,346	-
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	(17,231)	-	(17,231)	-

Financial risk management

Credit risk
Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company manages its credit risk through its counterparty ratings and credit limits.

The Company's cash are primarily held through large Canadian financial institutions.

The total cash represents the maximum credit exposure. The Company limits its credit risk exposure by holding cash with reputable financial institutions with high credit ratings.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

6. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

As at December 31, 2025, the Company had cash of $56,156 and accounts payable and accrued liabilities of $12,806. All accounts payable and accrued liabilities are current.

Market risk
The significant market risks to which the Company is exposed are interest rate risk and foreign currency risk.

Interest Rate risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash. The Company is not exposed to significant interest rate risk relating to its cash.

Foreign Currency risk
The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. All transactions incurred during the year ended December 31, 2025 and balances of the monetary assets and liabilities as of December 31, 2025 are denominated in Canadian dollars; as a result, management believes that the Company is not subject to any significant foreign exchange risk.

7. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2025 $	2024 $
Loss for the year	**(61,340)**	**(85,382)**
Expected income tax (recovery)	**(17,000)**	**(23,000)**
Change in statutory, foreign tax, foreign exchange rates and other	-	-
Permanent differences	-	-
Share issue cost	-	-
Change in unrecognized deductible temporary differences	**17,000**	**23,000**
Total income tax expense (recovery)	-	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2025 $	Expiry Range	2024 $	Expiry Range
Temporary Differences				
Share issue costs	43,000	2026 to 2027	66,000	2025 to 2027
Non-capital losses available for future period	413,000	2041 to 2045	329,000	2041 to 2044

Tax attributes are subject to review and potential adjustment by tax authorities.