Hoshi Resource Corp.
Financial Statements
For the years ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Hoshi Resource Corp.:

Opinion

We have audited the financial statements of Hoshi Resource Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2024 and December 31, 2023, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and December 31, 2023, 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.

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 is sufficient and appropriate to provide a basis for our opinion.

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 period. 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 Management’s Discussion and Analysis.

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 audits 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 audits 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 on this other information, 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.

MNP LLP
2000, 112 - 4th Avenue SW, Calgary AB, T2P 0H3 1.877.500.0792 T: 403.263.3385 F: 403.269.8450

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, 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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.

The engagement partner on the audit resulting in this independent auditor's report is Sergey Fesenko.

Calgary, Alberta

MNP LLP

April 10, 2025

Chartered Professional Accountants

(Expressed in Canadian Dollars)

	Notes		**December 31, 2024**		December 31, 2023
Assets					
Current					
Cash	*5*	**$**	**298,826**	$	321,822
Total Assets		**$**	**298,826**	$	321,822
Liabilities and Shareholders' Equity					
Current Liabilities					
Accounts payable and accruals		**$**	**19,850**	$	9,254
Total Liabilities		**$**	**19,850**	$	9,254
Shareholders' Equity					
Share capital	*6*	**$**	**406,229**	$	406,229
Contributed surplus	*6*		**80,786**		80,786
Deficit			**(208,039)**		(174,447)
Total shareholders' equity			**278,976**		312,568
Total Liabilities and Shareholders' Equity		**$**	**298,826**	$	321,822

Reporting entity – Note 1

Approved on behalf of the Board of Directors

"Kevin R. Baker"
Director, Kevin R. Baker KC.

"John Aihoshi"
Director, John Aihoshi

(Expressed in Canadian Dollars)

	Notes	Year ended December 31, 2024	2023
Expenses			
Professional fees		$ **1,905**	$ 763
General and administrative		**31,687**	18,025
Total expenses		$ **33,592**	$ 18,788
Net Loss and Comprehensive Loss		$ **(33,592)**	$ (18,788)
Net loss per share - basic and diluted		$ **(0.01)**	$ (0.00)
Weighted average number of shares outstanding	*6*	**6,600,000**	6,600,000
Net of 3,600,000 shares held in escrow	*6*	**3,000,000**	3,000,000

Hoshi Resource Corp.
Statement of Changes in Shareholders' Equity
For the years ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

	Share Capital	Contributed Surplus	Deficit	Shareholders' Equity
	($)	($)	($)	($)
As at December 31, 2022	**406,229**	**80,786**	**(155,659)**	**331,356**
Net loss and comprehensive loss	-	-	(18,788)	(18,788)
As at December 31, 2023	**406,229**	**80,786**	**(174,447)**	**312,568**
Net loss and comprehensive loss	-	-	(33,592)	(33,592)
As at December 31, 2024	**406,229**	**80,786**	**(208,039)**	**278,976**

Hoshi Resource Corp.
Statement of Cash Flows
For the years ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

		Years ended December 31, 2024		2023
Cash provided by (used in)				
OPERATING				
Net loss	$	**(33,592)**		(18,788)
Add (deduct) change in non-cash items:				
Accounts payable and accruals		**10,596**		162
Other receivables				
Cash flows from operating activities	$	**(22,996)**	$	(18,626)
Increase (decrease) in cash	$	**(22,996)**	$	(18,626)
Cash, beginning of period		**321,822**		340,448
Cash, end of period	$	**298,826**	$	321,822

1. REPORTING ENTITY

Hoshi Resource Corp. (the "Company") was incorporated on March 1, 2021, by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (Alberta). 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 to identify and evaluate assets or businesses with a view to potentially acquiring them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction under the Exchange rules.

The head office of the Company is located at Suite 700, 903 – 8th Ave SW, Calgary, AB, T2P 0P7 and the registered office is 800, 333 – 7 Avenue SW, Calgary, AB, T2P 2Z1.

Where an acquisition or participation is warranted, additional funding may 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.

2. BASIS OF PRESENTATION

Statement of compliance
These financial statements have been prepared in accordance with IFRS® Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue in accordance with a resolution of the directors on April 10, 2025.

Basis of measurement
These financial statements are stated in Canadian dollars which is the Company's functional currency and were prepared on a going concern basis, under the historical cost convention except for certain financial instruments that have been measured at fair value.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Cash
Cash consists of the proceeds generated from share issuances which is included in bank balances that are readily convertible into cash.

Deferred financing costs

Financing costs related to proposed financing are recorded as deferred financing costs. These costs are deferred until the financing is completed at which time the costs are charged against the proceeds received. If the financing does not close, the costs are charged to operations.

Share-based payments
The Company applies a fair value-based method of accounting to all share-based payments. Employee and director stock options are measured at the fair value of each tranche on the grant date and recognized over its respective vesting period. Non-employee stock options are measured based on the service provided to the reporting date and at their then-current fair values. The cost of stock options is presented as share-based compensation expense when applicable with a corresponding credit to contributed surplus. On the exercise of stock options, share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus. The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based payments.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Taxes
Tax expense comprises current and deferred tax. Tax is recognized in the statement of loss and comprehensive loss except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current tax
Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax
Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Financial Instruments

Classification and measurement of financial instruments
The Company measures its financial assets and financial liabilities at fair value on initial recognition, which is typically the transaction price unless a financial instrument contains a significant financing component. Subsequent measurement is dependent on the financial instrument's classification which in the case of financial assets, is determined by the context of the Company's business model and the contractual cash flow characteristics of the financial asset. Financial assets are classified into three categories: (1) measured at amortized cost, (2) fair value through profit and loss ("FVTPL") and fair value through other comprehensive income ("FVOCI"). Financial liabilities are subsequently measured at amortized cost, other than financial liabilities that are measured at FVTPL or designated as FVTPL where any change in fair value resulting from an entity's own credit risk is recorded as other comprehensive income ("OCI"). The Company does not employ hedge accounting for its risk management contracts currently in place.

Amortized cost
The Company classifies its cash and accounts payable, and accruals as measured at amortized cost. The contractual cash flows received from the financial assets are solely payments of principal and interest and are held within a business model whose objective is to collect the contractual cash flows. These financial assets and financial liabilities are subsequently measured at amortized cost using the effective interest method.

Impairment of financial assets
The measurement of impairment of financial assets is based on expected credit losses. Accounts receivable that are considered collectible within one year or less are not considered to have a significant financing component and a lifetime expected credit loss ("ECL") is measured at the date of initial recognition of the receivable.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables. In estimating the lifetime expected loss provision, the Company will consider historical industry default rates as well as credit ratings of major customers. The Company does not currently have any financial assets subject to this approach.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

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 year. Diluted earnings or loss per share is calculated by adjusting the number of common shares for the effects of dilutive options and other dilutive potential units. Diluted loss per share does not adjust the loss attributable to common shareholders on the weighted average number of common shares outstanding when the effect is antidilutive.

Shares held in escrow are included in the calculation of the weighted average number of common shares. Certain new IFRS standards and interpretations have been issued but are not shown as they are not expected to have a material impact on the Company's financial statements.

Future accounting pronouncements
There are new accounting standards and amendments to accounting standards and interpretations that are effective for annual periods beginning on or after January 1, 2025, that have not been applied in preparing the financial statements for the year ended December 31, 2024. Except as disclosed below, these standards and interpretations are not expected to have a material impact on the Company's Financial Statements.

On April 9, 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. IFRS 18 replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1. IFRS 18 applies to annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted. The key new concepts introduced in IFRS 18 relate to: the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit 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. The Company is currently assessing the impact and efforts related to adopting IFRS 18.

On May 30, 2024, the IASB issued amendments to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments. These amendments 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; add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). These amendments apply to annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The Company is currently assessing the impact and efforts related to the amendments to IFRS 9 and IFRS 7.

4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make estimates and judgements that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates.

Estimates
There were no areas of significant estimates included in the financial statements.

Judgements
The key areas of judgement that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

(Expressed in Canadian Dollars)

4. USE OF ESTIMATES AND JUDGEMENTS (*continued*)

Taxes
The Company recognizes deferred tax assets to the extent that it is probable that future taxable profits will be available to utilize the Company's deductible temporary differences which are based on management's judgement on the degree of future taxable profits. To the extent that future taxable profits differ significantly from the estimates impacts the amount of the deferred tax assets management judges is probable.

5. CASH

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 to cover prescribed costs of issuing common shares or administrative and general expenses of the Company. These restrictions may apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

6. SHARE CAPITAL

Authorized:
Unlimited number of common shares and preferred shares which are issuable in series.

Issued:
Common shares

	Number of Shares	- $ Cdn -
As at December 31, 2022 and 2023	6,600,000	406,229
At December 31, 2024	6,600,000	406,229

Escrow
The 3,600,000 common shares issued are held in escrow until completion of a Qualifying Transaction. 25% of these common shares will be released on the issuance of the Final Exchange Bulletin and an additional 25% will be released on each 6-month anniversary from the initial release.

Share Issuance
(i) All common shares issued are held in escrow until completion of a Qualifying Transaction. 25% of these common shares will be released on the issuance of the Final Exchange Bulletin and an additional 25% will be released on each 6-month anniversary from the initial release.

These common shares, which are considered contingently issuable until the Company completes a Qualifying Transaction, are not considered to be outstanding for the purpose of the loss per share calculation.

(ii) On February 8, 2022, the Company completed its initial public offering and raised gross proceeds of $300,000 pursuant to an amended and restated final prospectus dated November 13, 2021. A total of 3,000,000 common shares in the capital of the Company were subscribed for at a price of $0.10 per common share. PI Financial Corp. (the "Agent") acted as the agent for the Offering. The Agent received a cash commission equal to 10% of the gross proceeds of the Offering, a corporate finance fee and non-transferable options to purchase up to 300,000 common shares of the Company at a price of $0.10 per common share (the "Agent's Option") for a period of two years from the date that the common shares are first listed on the TSX Venture Exchange (the "TSXV"). The Agent Option has a fair value of $18,267 as determined by the Black Scholes Option Pricing Model. The Agent Options have expired.

The Company now has 6,600,000 common shares issued and outstanding, with the directors, officers and seed shareholders of the Company, holding 3,600,000 common shares in aggregate which are all subject to escrow restrictions.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL *(continued)*

Share-based payments

The Company has adopted an incentive stock option plan (the "Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers and technical consultants to the Company and Eligible Charitable Organizations, non-transferable options to purchase common shares ("Options"), provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares as at the date of grant of any such option, and that the exercise period does not exceed 10 years from the date of grant.

The number of common shares issuable to any individual director or officer will not exceed 5% of the issued and outstanding common shares of the Company at the date of grant of such option. The number of common shares issuable at any given time to all technical consultants in aggregate will not exceed 2% of the issued and outstanding common shares of the Company at the date of grant of such option.

On February 8, 2022, in addition to the 300,000 Agent options, which have expired during the year ended December 31, 2024, the Company issued to its directors and officers an aggregate of 660,000 options to purchase 660,000 common shares at an exercise price of $0.10 per common share which expire on February 8, 2032.

The Black-Scholes option pricing model was used to estimate the fair value of options on the date of grant using the following assumptions:

	Expiry	Risk-free interest rate	Expected life	Expected dividend yield	Expected volatility	Forfeiture Rate
	(year)	*(%)*	*(years)*	*(%)*	*(%)*	*(%)*
Options	2032	1.81	10	0.0	120	0.0

The fair value of the options granted to the directors and officers of $62,519 is included in share-based compensation expense on the statement of loss and comprehensive loss during the year ended December 31, 2022. No new share-based payments were issued during the year of 2023 and 2024.

Options Exercisable	(#)	Weighted average exercise price ($)
As at December 31, 2023 and 2024	660,000	0.10

Loss per share

Basic per share amounts are calculated using the weighted average number of shares outstanding during the year ended December 31, 2024 and 2023. The calculation of diluted loss per share equals basic loss per share as the effect of outstanding options is anti-dilutive.

7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company, as part of its operations, carries financial instruments consisting of cash and accounts payable and accruals. It is management's opinion that the Company is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed.

Fair value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The carrying amount of cash and account payable and accruals approximates its fair value due to the short-term maturities of these items.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Corporation’s financial asset is cash. The Corporation’s maximum exposure to credit risk, as at period end, is the carrying value of its financial assets. The Corporation manages credit risk by maintaining its cash held at major financial institutions.

Liquidity risk

Liquidity risk is the risk that the Corporation may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2024, the Company has cash of $298,826 (2023 - $321,822) to satisfy obligations of $19,850 (2023 - $9,254) as they come due, as such, is not exposed to significant liquidity risk.

Market risk

Market risk is the risk of loss that results from changes in market prices, market risk is comprised of foreign currency risk, interest rate risk and other price risks.

a. Currency risk
The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

b. Interest rate risk
The Company’s cash balance is non-interest bearing and not exposed to interest rate risk.

c. Commodity risk
The Company is not exposed to commodity risk.

(Expressed in Canadian Dollars)

8. Taxes

The tax recovery differs from the amount that would be computed by applying the expected tax rates to the loss before taxes. The reasons for the difference are as follows:

		2024		2023
Loss before taxes	**$**	**(33,592)**	$	(18,788)
Statutory tax rate		**23%**		23%
Expected tax recovery	**$**	**(7,726)**	$	(4,321)
Increase (decrease) resulting from:				
Tax asset not recognized		**7,726**		**4,321**
Tax recovery	**$**	**-**	$	-

The Company has estimated its gross deductible temporary differences related to non-capital loss carry forwards to be approximately $194,000 (2023 - $146,000) and share issue costs of $24,000 (2023 - $39,000). The non-capital loss carryforwards will start to expire in 2041 if not utilized, subject to provisions of the Income Tax Act of Canada that may limit the Company's ability to utilize these losses.

9. Related Party Transactions

Key management personnel consist of officers and directors of the Company. No compensation was paid to key management personnel during the current year or prior years apart from stock options granted as disclosed in Note 6.

Transactions with related parties are incurred in the normal course of business and initially measured at fair value.

10. CAPITAL MANAGEMENT

The Company's capital consists of Shareholders' equity. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1. The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Company's objectives when managing capital are:

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

The Company is not subject to any externally or internally imposed capital requirements at year-end apart from the requirements of the Exchange. There have been no changes in the Corporation's management of capital in 2024.