
PC 1 CORP.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JANUARY 31, 2024
(Expressed in Canadian Dollars)

NOTICE TO READER

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

The accompanying unaudited condensed interim consolidated financial statements of PC 1 Corp. ("**Corporation**") have been prepared by and are the responsibility of the Corporation's management.

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

PC 1 CORP.

**UNAUDITED CONDENSED INTERIM
FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED JANUARY 31, 2024

CONTENTS

	Page
Management's Responsibility	1
Unaudited Condensed Statements of Financial Position	2
Unaudited Condensed Interim Statements of Changes in Shareholders' Equity	3
Unaudited Condensed Interim Statements of Operations and Comprehensive Loss	4
Unaudited Condensed Interim Statements of Cash Flows	5
Notes to the Unaudited Condensed Interim Financial Statements	6 - 18

Management's Responsibility

To the Shareholders of PC 1 Corp. (the "**Corporation**):

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safe guarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed of Directors who may be neither management nor employees of the Corporation. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving financial information. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Corporation's external auditors.

/s/ Aaron Eisenberg
Aaron Eisenberg
Chief Executive Officer and Chief Financial Officer

Toronto, Ontario
February 29, 2024

PC 1 CORP.
STATEMENTS OF FINANCIAL POSITION
(All Amounts are in Canadian Dollars)

As at	January 31, 2024	July 31, 2023
	Un-Audited	Audited
 <u>ASSETS</u> 		
CURRENT		
Cash and cash equivalents	\$ 436,394	\$ 469,955
Commodity tax receivables	10,479	10,476
Prepaid expenses	<u>—</u>	<u>2,774</u>
	<u><u>\$ 446,873</u></u>	<u><u>\$ 483,205</u></u>
 <u>LIABILITIES</u> 		
CURRENT		
Accounts payable and accrued liabilities (Note 3)	<u>\$ 14,425</u>	<u>\$ 24,513</u>
 <u>SHAREHOLDERS' EQUITY</u> 		
CAPITAL STOCK (Note 4)		
Issued and Outstanding	564,594	564,594
CONTRIBUTED SURPLUS (Note 5)	82,238	82,238
ACCUMULATED DEFICIT	<u>(214,384)</u>	<u>(188,140)</u>
	<u>432,448</u>	<u>458,692</u>
	<u><u>\$ 446,873</u></u>	<u><u>\$ 483,205</u></u>

Nature of Organization and Going Concern (Note 1)
 Commitments (Note 7)
 Contingency (Note 8)

APPROVED ON BEHALF OF THE BOARD:

/s/ "Aaron Eisenberg"
 Aaron Eisenberg, Director

/s/ "Sruli Weinreb"
 Sruli Weinreb, Director

PC 1 CORP.
UNAUDITED CONDENSED INTERIM
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(All Amounts are in Canadian Dollars)

	Number of Common Shares	Amount of Common Shares	Contributed Surplus	Accumulated Deficit	Shareholders' Equity
Balance, August 1, 2022	10,350,000	\$ 564,594	\$ 82,238	\$ (132,291)	\$ 514,541
Net loss for the period	—	—	—	(23,151)	(23,151)
Balance, January 31, 2023	10,350,000	\$ 564,594	\$ 82,238	\$ (155,442)	\$ 491,390
Balance, August 1, 2023	10,350,000	\$ 564,594	\$ 82,238	\$ (188,140)	\$ 458,692
Net loss for the period	—	—	—	(26,244)	(26,244)
Balance, January 31, 2024	10,350,000	\$ 564,594	\$ 82,238	\$ (214,384)	\$ 432,448

PC 1 CORP.
UNAUDITED CONDENSED INTERIM
STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(All Amounts are in Canadian Dollars)

For the Period from to January 31,	November 1 2024	2023	August 1, 2024	2023
REVENUES	\$ —	\$ —	\$ —	\$ —
EXPENSES				
Administrative and general	—	25	28	68
Consulting fees (Note 6)	6,000	8,000	12,000	14,000
Professional fees	7,805	8,506	21,780	14,604
Regulatory fees	2,219	867	3,835	2,407
	<u>16,024</u>	<u>17,398</u>	<u>37,643</u>	<u>31,079</u>
OPERATING LOSS	(16,024)	(17,398)	(37,643)	(31,079)
Interest income	<u>5,260</u>	<u>7,926</u>	<u>11,399</u>	<u>7,928</u>
LOSS BEFORE INCOME TAXES	(10,764)	(9,472)	(26,244)	(23,151)
Recovery of (provision for) income taxes	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
NET LOSS AND COMPREHENSIVE LOSS	<u>\$ (10,764)</u>	<u>\$ (9,472)</u>	<u>\$ (26,244)</u>	<u>\$ (23,151)</u>
NET LOSS PER COMMON SHARE				
Basic and Diluted	<u>\$ (0.001)</u>	<u>\$ (0.001)</u>	<u>\$ (0.003)</u>	<u>\$ (0.002)</u>
Weighted Average Common Shares Outstanding	<u>10,350,000</u>	<u>10,350,000</u>	<u>10,350,000</u>	<u>10,350,000</u>

PC 1 CORP.
UNAUDITED CONDENSED INTERIM
STATEMENTS OF CASH FLOWS
(All Amounts are in Canadian Dollars)

For the Period from to January 31,	November 1		August 1,	
	2024	2023	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the period	\$ (10,764)	\$ (9,472)	\$ (26,244)	\$ (23,151)
Change in working capital items:				
Commodity tax receivable	1,890	(2,360)	(3)	14,363
Prepaid expenses and deposits	1,385	(1,111)	2,774	189
Accounts payable and accrued liabilities	<u>(8,832)</u>	<u>(1,649)</u>	<u>(10,088)</u>	<u>(27,366)</u>
CASH FLOWS USED IN OPERATING ACTIVITIES	<u>(16,321)</u>	<u>(14,592)</u>	<u>(33,561)</u>	<u>(35,965)</u>
DECREASE IN CASH AND CASH EQUIVALENTS FOR THE PERIOD	(16,321)	(14,592)	(33,561)	(35,965)
CASH AND CASH EQUIVALENT				
Beginning of the period	<u>452,715</u>	<u>492,179</u>	<u>469,955</u>	<u>513,552</u>
End of the period	<u><u>\$ 436,394</u></u>	<u><u>\$ 477,587</u></u>	<u><u>\$ 436,394</u></u>	<u><u>\$ 477,587</u></u>

PC 1 CORP.
NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
JANUARY 31, 2024
(All Amounts are in Canadian Dollars)

1. Nature of Organization and Going Concern

Description of the Business

PC 1 Corp. ("**Corporation**") was incorporated under the Ontario Business Corporations Act on January 8, 2021. Its registered head office is 10 Wanless Ave, Toronto, Ontario. The principal business of the Corporation is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("**QT**").

These financial statements ("**Financial Statements**") of the Corporation were authorized for issue in accordance with a resolution of the directors on February 29, 2024.

As at January 31, 2024, the Corporation had no sources of operating cash flows with working capital of \$432,448 (July 31, 2023 – \$458,692), and has incurred losses since inception, resulting in an accumulated deficit of \$214,384 (July 31, 2023 - \$188,140). These circumstances indicate that material uncertainties exist that may cast significant doubt about the Corporation's ability to continue as a going concern and, accordingly, the ultimate use of accounting principles applicable to a going concern. The Corporation's ability to continue as a going concern is dependent upon raising additional capital to meet its present and future commitments, the continued support of certain shareholders and trade creditors, and on achieving profitable commercial operations. If additional financing is arranged through the issuance of shares, control of the Corporation may change and shareholders may suffer significant dilution.

In December 2021, the Corporation successfully completed its IPO to have its common shares listed on the TSX-Venture Exchange (the "**Exchange**") as a Capital Pool Company (as defined by the Exchange), however there is no assurance that the Corporation will subsequently identify a Qualifying Transaction within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or delist the Corporation's shares from trading.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, and an aggregate of \$3,000 per month may be expensed for general and administrative costs prior to the completion of the QT transaction as defined under the policies of the Exchange. The Corporation is required to complete its QT on or before two years from the date the Corporation receives regulatory approval.

These financial statements been prepared on a going concern basis which assumes that the Corporation will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Realization values may be substantially different from carrying values as shown and the financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Corporation be unable to continue as a going concern. These adjustments could be material.

Statement of Compliance

These Financial Statements for the period ended January 31, 2024 have been prepared by management in accordance International Accounting Standards ("**IAS**") 34 – Interim Financial Reporting under International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and incorporated into Canadian Generally Accepted Accounting Principles ("**CGAAP**"). Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the International Accounting Standards Board ("**IASB**") and interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**"). These financial statements have not been reviewed by the Corporation's external auditors.

PC 1 CORP.
NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
JANUARY 31, 2024
(All Amounts are in Canadian Dollars)

2. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

Basis of Measurement

These Financial Statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Functional and presentation currency

These Financial Statements are presented in Canadian dollars, which is the Corporation's functional currency.

Use of Estimates and Judgments

The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the financial statements. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues, and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. Significant estimates and judgments made by management in the preparation of these financial statements are outlined below:

Income Taxes

The calculation of income taxes requires judgment in interpreting tax rules and regulations. There are transactions and calculations for which the ultimate tax determination is uncertain. The Corporation's tax filings also are subject to audits, the outcome of which could change the amount of current and deferred tax assets and liabilities. Management believes that it has sufficient amounts accrued for outstanding tax matters based on information that currently is available.

Management judgment is used to determine the amounts of deferred tax assets and liabilities and future tax liabilities to be recognized. In particular, judgment is required when assessing the timing of the reversal of temporary differences to which future income tax rates are applied.

Going Concern

Management assessment of going concern and uncertainties of the Corporation's ability to raise additional capital and/or obtain financing to meet its commitments.

Stock-Based Compensation

Management is required to make certain estimates when determining the fair value of stock option awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as stock-based compensation in the statements of income (loss) and comprehensive loss based on estimates of forfeiture, risk free interest rates, volatility of the Corporation's stock, and expected lives of the underlying stock options.

PC 1 CORP.
NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
JANUARY 31, 2024
(All Amounts are in Canadian Dollars)

2. Summary of Significant Accounting Policies - continued

Cash and Cash Equivalents

Cash and cash equivalents may include demand deposits with banks, money market accounts, and other short-term investments with original maturities of 90 days or less.

Interest Income

Interest income is recorded based on the accrual method and is from either term deposits or guarantee income certificates issued by chartered banks.

Transactional Costs

The costs incurred relating to transactional costs are expensed as incurred.

Deferred Financing Costs

Financing costs related to the Corporation's proposed financing are recorded as deferred financing costs. These costs will be deferred until the financing is completed, at which time the costs will be charged against the proceeds received. If the financing does not close, the costs will be charged to statements of operations and comprehensive loss.

Incremental costs incurred in respect of raising capital are charged against equity or debt proceeds raised. Costs associated with the issuance of common share are charged to capital stock upon the raising of equity. Costs associated with the issuance of debt are amortized using the effective interest method over the life of the debt.

Income Taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive loss. Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Provision

Provisions are recognized when the Corporation has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pretax rate that reflects current market assessments of the time value of money and the risk specific to the obligation.

PC 1 CORP.
NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
JANUARY 31, 2024
(All Amounts are in Canadian Dollars)

2. Summary of Significant Accounting Policies - continued

Loss Per Share

Loss per common share have been determined by dividing net loss attributable to common shareholders by the weighted average number of common shares outstanding during the period, excluding shares securing employee share purchase loans and shares in escrow, if any. The Corporation follows the “treasury stock” method in the calculation of diluted earnings per share. Under this method, the calculation of diluted earnings per share assumes that outstanding options and warrants that are dilutive to earnings per share are exercised and the proceeds are used to repurchase shares of the Corporation at the average market price of the shares for the period. The treasury stock method is not used to calculate diluted loss per share because the result would be anti- dilutive. Loss per share per share (diluted) are equivalent measures and calculated on a non-dilutive basis.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Leases and right-of-use assets

At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease. A contract is, or contains, consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Corporation assesses whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for

- The contract involves the use of an identified asset;
- The Corporation has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Corporation has the right to direct the use of the asset.

At inception, the Corporation allocates the consideration in the contract to each lease component on the basis of the relative stand-alone prices.

(i) As a lessee

The Corporation recognizes a right-of-use asset and a lease obligation at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease obligation adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease obligation. Right-of-use assets are tested for impairment in accordance with IAS 36 – Impairment of Assets, and impairments are recorded in restructuring and other charges on the statements of income.

PC 1 CORP.
NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
JANUARY 31, 2024
(All Amounts are in Canadian Dollars)

2. Summary of Significant Accounting Policies - continued

The lease obligation is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. Generally, the Corporation uses its incremental borrowing rate ("IBR") as the discount rate.

The lease obligation is subsequently measured at amortized cost using the effective interest method ("EIR") and is adjusted for accrued interest and lease payments when there is a change in future lease payments arising from a change in an index or rate. It is remeasured if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, if there are modifications to the lease conditions such as a change of square footage of a lease, or if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease obligation is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, as permitted, the Corporation has opted to recognize a lease expense on a straight-line basis. This expense is presented within Operating Costs in the statements of income. The amounts related to these low value leases are immaterial.

(ii) As a lessor

When the Corporation acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease.

To classify each lease, the Corporation makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Corporation considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Corporation assessed and classified its subleases as finance leases, and therefore derecognized the right-of-use assets relating to the respective head leases being sublet, recognized lease receivables equal to the net investment in the subleases, retained the previously recognized lease obligations in its capacity as lessee, recognized the related interest expense thereafter and recognized interest income on the subleases receivable in its capacity as finance lessor.

Financial Instruments

Recognition

The Corporation recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Corporation has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Corporation has no reasonable expectations of recovering the contractual cash flows on a financial asset.

PC 1 CORP.
NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
JANUARY 31, 2024
(All Amounts are in Canadian Dollars)

2. Summary of Significant Accounting Policies - continued

Classification and Measurement

The Corporation determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- those to be measured subsequently at fair value, either through profit or loss (“FVTPL”) or through other comprehensive income (“FVTOCI”); and,
- those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting date. All other financial assets are measured at their fair values at each subsequent reporting date, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

- amortized cost;
- FVTPL, if the Corporation has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
- FVTOCI, when the change in fair value is attributable to changes in the Corporation's credit risk.

The Corporation reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified. The Corporation's financial assets consist of cash which is classified and measured at FVTPL.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost or FVTOCI are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at FVTPL are expensed in profit or loss.

The Corporation's financial liabilities consist of accounts payable and accrued liabilities, which are classified and measured at amortized cost using the effective interest method.

Impairment

The Corporation assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Corporation compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

Stock-Based Compensation The fair value of stock options granted is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Corporation.

PC 1 CORP.
NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
JANUARY 31, 2024
(All Amounts are in Canadian Dollars)

2. Summary of Significant Accounting Policies - continued

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Stock option expense incorporates an expected forfeiture rate for those options that do not vest immediately. Amounts recorded for expired unexercised stock options and warrants are transferred to deficit on expiry.

3. Accounts Payable and Accrued Liabilities

As at	January 31, 2024	July 31, 2023
Accounts payable	\$ 238	\$ 10,346
Accrued expenses	14,187	14,167
	<u>\$ 14,425</u>	<u>\$ 24,513</u>

4. Capital Stock

The Corporation is authorized to issue an unlimited number of common shares and preferred shares.

Subject to an Escrow Agreement pursuant to the requirements of the Exchange, 5,100,000 common shares issued prior and at a discount to the IPO price will be held in escrow. Under the terms of the Escrow Agreement, these shares will be released as to 25% thereof on the completion of the Corporation's QT, as defined in the policies of the Exchange, and as to 25% thereof on each of the 6th, 12th, and 18th months following the initial release.

All common shares of the Corporation acquired in the secondary market prior to the completion of a QT by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be subject to escrow.

Common shares issued

	Number of Shares	Share Capital
Balance, August 1, 2022, July 31, 2023 and January 31, 2024	<u>10,350,000</u>	<u>\$ 564,594</u>

PC 1 CORP.
NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
JANUARY 31, 2024
(All Amounts are in Canadian Dollars)

5. Contributed Surplus

The Corporation's contributed surplus consists of the following:

	General	Incentive Stock Option	Warrants	Total
Balance, August 1, 2022, July 31, 2023 and January 31, 2024	\$ —	\$ 56,018	\$ 26,220	\$ 82,238

a) Incentive Stock options

The Corporation's Incentive Stock Option Plan ("**Plan**") provides for the issuance of a maximum of 10% of the issued and outstanding common shares at an exercise price equal or greater than the market price of the Corporation's common shares on the date of the grant to directors, officers, employees and consultants to the Corporation. The option period for options granted under the Plan is for a maximum period of 10 years. Options granted may vest over certain time periods within the option period, which will limit the number of options that may be exercised. Each stock option is exercisable into one common share of the Corporation at the price specified within the terms of the option.

The number of common shares reserved for issuance under the Plan is a rolling 10% of the issued and outstanding common shares. Stock option issuances are recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest that have not yet been forfeited. Stock compensation expense adjustments for anticipated forfeitures have been determined to be immaterial.

The following table reconciles outstanding incentive stock options as at July 31, 2023 and January 31, 2024:

	Number	Weighted Average Exercise Price
Balance, August 1, 2022	1,010,000	\$ 0.07
Granted	—	N/A
Exercised	—	N/A
Cancelled	—	N/A
Forfeited	—	N/A
Balance, July 31, 2023 and January 31, 2024	1,010,000	\$ 0.07

PC 1 CORP.
NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
JANUARY 31, 2024
(All Amounts are in Canadian Dollars)

5. Contributed Surplus – continued

Upon the cancelling of an incentive stock option, the cumulative amount previously expensed is transferred from contributed surplus - incentive stock options to contributed surplus - general.

The following table summarizes the weighted average exercise price and the weighted average remaining contractual life of the options outstanding and exercisable as at January 31, 2024.

Exercise Price	Options Outstanding	Expiry Date	Outstanding Weighted Average Remaining Life	Weighted Average Price	Quantity	Exercisable Weighted Average Price
\$ 0.05	510,000	March 5, 2026	2.1 years	\$ 0.05	510,000	\$ 0.05
0.10	500,000	December 2, 2026	2.8 years	\$ 0.10	500,000	\$ 0.10

b) Warrants

The following table reconciles outstanding warrants as at July 31, 2023 and January 31, 2024:

	Number	Weighted Average Exercise Price
Balance, August 1, 2022	500,000	\$ 0.10
Exercised	—	N/A
Exercised	—	N/A
Cancelled	—	N/A
Expired/Forfeited	—	N/A
Balance, July 31, 2023 and January 31, 2024	500,000	\$ 0.10

The following is a summary of outstanding warrants as at July 31, 2023 and January 31, 2024:

Reporting period end date	Number of Warrants	Amount	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)
Balance July 31, 2023	500,000	\$ 26,220	\$ 0.10	3.3
Balance January 31, 2024	500,000	\$ 26,220	\$ 0.10	2.8

PC 1 CORP.
NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
JANUARY 31, 2024
(All Amounts are in Canadian Dollars)

6. Related Party Transactions

Related party transactions include transactions with parties related by common directors and transactions with other private entities owned or controlled by officers and directors. All transactions are provided in the normal course of business and are measured at exchange amounts agreed upon by the related parties.

For the period from to January 31,	2024	November 1 2023	2024	August 1 2023
Expenses				
Consulting Fees	\$ 6,000	\$ 8,000	\$ 12,000	\$ 14,000
Included with accounts payable and accrued liabilities (Note 3)			—	—

Payments to key management

For the period from To January 31,	2024	November 1 2023	2024	August 1 2023
Consulting Fees	\$ 6,000	\$ 8,000	\$ 12,000	\$ 14,000

As at July 31, 2023 and January 31, 2024, no Director or Officer was indebted to the Corporation.

7. Commitment

The Corporation has not entered into any contract that requires a minimum payment.

8. Contingencies

From time to time, the Corporation may be exposed to claims and legal actions in the normal course of business, some of which may be initiated by the Corporation. As of July 31, 2023 and January 31, 2024, the Corporation was not a party to any material claims that would have a significant impact, either individually or in the aggregate.

9. Financial Instruments and Risk Management

Risk Management

In the normal course of business, the Corporation is exposed to several risks that can affect its operating performance. These risks, and the actions taken to manage them, are as follows:

Fair Values

The Corporation has designated its cash as FVTPL which are measured at fair value. Fair value of cash is determined based on transaction value and is categorized as a Level One measurement.

- Level One - includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level Two - includes inputs that are observable other than quoted prices included in Level One.
- Level Three - includes inputs that are not based on observable market data.

As at July 31, 2023 and January 31, 2024, the carrying and fair value amounts of the Corporation's cash are approximately equivalent due to its short term nature.

PC 1 CORP.
NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
JANUARY 31, 2024
(All Amounts are in Canadian Dollars)

9. Financial Instruments and Risk Management – continued

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. As at July 31, 2023 and January 31, 2024, management believes that the credit risk with respect to cash and HST receivable is minimal.

Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in satisfying its financial obligations. The Corporation manages its liquidity risk by forecasting its operations and anticipating its operating and investing activities.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market risk factors. The market risk factor that affects the Corporation is foreign currency risk.

10. Net Loss Per Common Share

The calculation of basic and diluted loss per share for the three-month period ended January 31, 2024 was based on the loss attributable to common shareholders of \$10,764 (January 31, 2023 - \$9,472) and the weighted average number of common shares outstanding for this period was 10,350,000 (January 31, 2023 – 10,350,000).

The calculation of basic and diluted loss per share for the six-month period ended January 31, 2024 was based on the loss attributable to common shareholders of \$26,244 (January 31, 2023 - \$23,151) and the weighted average number of common shares outstanding for this period was 10,350,000 (January 31, 2023– 10,350,000).

Diluted loss per share does not include the effects of 500,000 warrants (July 31, 2022 – 500,000) and 1,010,000 incentive stock options (July 31, 2022 – 1,010,000) as they would be anti-dilutive.