

H2 VENTURES 1 INC.

Condensed Interim Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

Notice to Reader

The accompanying unaudited condensed interim financial statements of H2 Ventures 1 Inc. (the “Company”) have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. The Company’s independent auditors have not performed a review of these condensed interim financial statements for the three months ending March 31, 2024, in accordance with the standards established by the CPA Canada for a review of condensed interim financial statements by an entity’s auditors.

H2 Ventures 1 Inc.
Condensed Interim Statements of Financial Position
As at March 31, 2024 and 2023
(Expressed in Canadian Dollars)

As at	March 31, 2024 (Unaudited)	December 31, 2023 (audited)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,134,640	\$ 5,117,444
Prepaid expense (Note 8)	1,050	4,200
Total assets	\$ 5,135,690	\$ 5,121,644
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 22,946	\$ 30,117
Due to related party (Note 8)	150	3,162
Total liabilities	23,096	33,279
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	4,815,458	4,815,458
Reserves (Note 5)	293,000	293,000
Retained earnings/(Deficit)	4,136	(20,093)
Total shareholders' equity	5,112,594	5,088,365
Total liabilities and shareholders' equity	\$ 5,135,690	\$ 5,121,644

Nature and Continuance of Operations (Note 1)

These condensed interim financial statements were approved for issue by the Board of Directors on May 13, 2024, and signed on its behalf by:

"Eric Denhoff" Director
Eric Denhoff

"Erin Campbell" Director
Erin Campbell

H2 Ventures 1 Inc.
Condensed Interim Statements of Comprehensive Income (Loss)
For the three months ended March 31, 2024 and 2023
(Unaudited - Expressed in Canadian Dollars)

Three months ended	March 31, 2024	March 31, 2023
Operating expenses		
Accounting	\$ 3,757	\$ 3,148
Consulting fees (Note 8)	4,620	3,150
General and administration	3,427	1,093
Legal and professional fees	19,099	3,890
Regulatory fees	8,962	9,571
Total operating expenses	(39,865)	(20,852)
Other		
Interest income	64,094	48,927
Total other	64,094	48,927
Net income and comprehensive income for the period	\$ 24,229	\$ 28,075
Basic and diluted earnings per common share	\$ 0.00	\$ 0.00
Weighted average number of common shares outstanding – basic	49,400,000	49,400,000
Weighted average number of common shares outstanding - diluted	49,400,000	50,514,221

The accompanying notes are an integral part of these condensed interim financial statements.

H2 Ventures 1 Inc.
Statements of Changes in Shareholders' Equity
(Unaudited - Expressed in Canadian Dollars)

	Common Shares				
	Number	Share Capital	Reserves	Deficit	Total
Balance – December 31, 2022	61,200,000	\$ 4,815,458	\$ 293,000	\$ (144,547)	\$ 4,963,911
Net income and comprehensive income for the year	-	-	-	28,075	28,075
Balance – March 31, 2023	61,200,000	4,815,458	293,000	(116,472)	4,991,986
Balance – December 31, 2023	61,200,000	4,815,458	293,000	(20,093)	5,088,365
Net income and comprehensive income for the period	-	-	-	24,229	24,229
Balance – March 31, 2024	61,200,000	\$ 4,815,458	\$ 293,000	\$ 4,136	\$ 5,112,594

The accompanying notes are an integral part of these condensed interim financial statements.

H2 Ventures 1 Inc.
Condensed Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

Three months ended	March 31, 2024	March 31, 2023
CASH FLOWS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net income for the period	\$ 24,229	\$ 28,075
Change in non-cash working capital items		
Prepaid expense	3,150	3,150
Accounts payable and accrued liabilities	(7,172)	(14,117)
Net cash provided by (used in) operating activities	20,207	17,108
FINANCING ACTIVITIES		
Paid to related party	(3,011)	-
Net cash provided by financing activities	(3,011)	-
Increase in cash and cash equivalents for the period	17,196	17,108
Cash and cash equivalents, beginning of period	5,117,444	4,995,348
Cash and cash equivalents, end of period	\$ 5,134,640	\$ 5,012,456
Breakdown of cash and cash equivalents		
Cash	\$ 17,377	\$ 27,098
Cash equivalents (Cashable GIC)	5,117,263	4,985,358
	\$ 5,134,640	\$ 5,012,456
Supplemental cash flow information		
Cash paid for interest during the period	\$ -	\$ -
Cash received for interest during the period	\$ 64,094	\$ 48,927
Cash paid for income taxes during the period	\$ -	\$ -

The accompanying notes are an integral part of these condensed interim financial statements.

1. Nature and Continuance of Operations

H2 Ventures 1 Inc. (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on April 26, 2021. The Company is a capital pool company ("CPC"), as defined in the TSX Venture Exchange ("TSX-V" or "Exchange") Policy 2.4. The principal business of the Company is to identify and evaluate companies, businesses, properties, or assets with a view to potentially acquire them or an interest therein by completing a purchase transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction under the Exchange rules. Once identified and evaluated, negotiating an acquisition or participation is subject to receipt of shareholder and regulatory approval (the "Qualifying Transaction").

The Company's head office address is 2695 Queenswood Drive, Victoria, British Columbia, Canada, V8N 1X6. The registered and records office address is 1700 - 1055 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2E9.

On February 9, 2022, the Company completed its IPO and issued 50,000,000 common shares for gross proceeds of \$5,000,000. Upon completion of the IPO, the Company had 61,200,000 common shares issued and outstanding. The common shares commenced trading on the TSX-V under the symbol "HO.P" on February 16, 2022.

These condensed interim 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 rather than through a process of forced liquidation. These condensed interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments could be material.

The Company's continuing operations are dependent upon its ability to identify, evaluate and negotiate an agreement to acquire an interest in a material asset or business. The cost of an acquisition or investment proposed by the Company is currently unknown and will be subject to regulatory approval. This material uncertainty raises doubt about the Company's ability to continue as a going concern.

The Company's financial condition and results of operations may be negatively affected by economic and other consequences of world events. While the Company expects any direct impacts of world events to the current and future business to be limited, the indirect impacts on the economy, supply chain and industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing.

2. Basis of Presentation

(a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2023, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board. These condensed interim financial statements were authorized for issue in accordance with a resolution from the Board of Directors on May 13, 2024.

(b) Basis of presentation

These condensed interim financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value, as explained in the material accounting policies (Note 3). In addition, these condensed interim financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

(c) Functional and presentation currency

These condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

3. Material Accounting Policies

These condensed interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited financial statements for the year ended December 31, 2023.

4. Critical Accounting Estimates and Judgments

The preparation of these condensed interim financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its professional judgment in the process of applying the Company's accounting policies. The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income (loss) in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both. The Company has no critical accounting estimate.

4. Critical Accounting Estimates and Judgments (continued)

Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed interim financial statements within the next fiscal year include the assessment of material uncertainty, which raises significant doubt about the Company's ability to continue as a going concern.

5. Share Capital

(a) Authorized

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

(b) Issued

During the three months ended March 31, 2024

No shares were issued during these three months.

During the year ended December 31, 2023

No shares were issued during the year.

(c) Escrow agreement

Under the escrow agreement, 25% of the shares held in escrow will be released on the issuance of the Final Exchange Bulletin (the Exchange's acceptance of the Qualifying Transaction) and an additional 25% will be released on each of the dates that are 6 months, 12 months and 18 months following the initial release. As at March 31, 2024, the Company had 11,800,000 common shares held in escrow (2023 – 11,800,000 common shares).

(d) Reserves

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors may from time to time, in its discretion, and in accordance with the Exchange requirements, grant incentive stock options to directors, officers, employees and consultants. Under the plan, the aggregate number of common shares that may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date. Options granted may not exceed a term of ten years, and the term will be reduced to one year following the date of death of the optionee. All options vest when granted unless they are otherwise specified by the Board of Directors or if they are granted for investor relations activities.

The Board of Directors determines the exercise price per common share, the number of options granted to individual directors, officers, employees and consultants, and all other terms and conditions of the options. The plan is subject to regulatory approval.

5. Share Capital (continued)

(d) Reserves (continued)

Stock options

There were no new stock options granted during the three months ended March 31, 2024. A summary of the Company's stock options enabling the holders to acquire common shares is as follows:

	Exercise Price	Number of Options
Balance – December 31, 2023 and March 31, 2024	\$0.05	1,000,000

Incentive stock options outstanding and exercisable at March 31, 2024 are summarized as follows:

Expiry Date	Exercise Price	March 31, 2024
June 4, 2026	\$0.05	1,000,000
Total outstanding and exercisable options	\$0.05	1,000,000

As at March 31, 2024, the weighted average remaining life for outstanding stock options was 2.18 (December 31, 2023 – 2.43) years.

(e) *Agent's warrants*

The changes in warrants outstanding are summarized as follows:

	Exercise Price	Number of Warrants
Balance – December 31, 2021, 2022 and 2023	\$0.10	4,000,000
Expired		(4,000,000)
Balance – March 31, 2024		-

No warrants are outstanding as at March 31, 2024 as the warrants expired on February 9, 2024.

6. Financial Instruments and Risk Management

Fair value

The Company's financial instruments at March 31, 2024 include cash and cash equivalents, accounts payable and accrued liabilities, and due to related party. The fair values of cash and cash equivalents, accounts payable and accrued liabilities, and due to related party approximate their carrying values due to their short-term nature.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consists primarily of cash and cash equivalents. The Company limits its exposure to credit loss by placing its cash and cash equivalents with major financial institutions. The Company has minimal credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company intends to settle these with funds from its positive working capital position. At March 31, 2024, the Company had a working capital of \$5,112,594 (December 31, 2023 - \$5,088,365).

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash and cash equivalents is at an interest rate of 5.20% and therefore, the Company does not consider interest rate risk to be significant. The Company has no interest-bearing financial liabilities.

Foreign currency risk

As at March 31, 2024, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

7. Capital Disclosures

Capital is comprised of the Company's shareholders' equity. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital.

Pursuant to the policies of the TSX-V, the proceeds from the issuance of share capital raised by the Company, both prior to the Company's IPO and from the IPO itself, may only be used to identify and evaluate assets or businesses for future investments, with the exception that reasonable general and administrative expenses of the Company may be used to cover prescribed costs of issuing the common shares or general and administrative expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company, as defined under the policies of the Exchange.

8. Related Party Transactions

The Company's related parties include key management personnel and companies controlled and/or owned by officers and directors of the Company. Key management consists of the officers and directors who are responsible for planning, directing and controlling the activities of the Company.

(a) Key management personnel compensation

No compensations were paid and/or accrued to key management personnel during the three months ended March 31, 2024. (2023: \$Nil)

(b) Advisory services agreement with a related party

The Company entered into an advisory services agreement with Moneta on May 1, 2021, a corporation controlled by a director of the Company. Moneta provides administrative services to the Company. During the three months ended March 31, 2024, \$3,150 (2023: \$3,150) in fees were paid to Moneta. At March 31, 2024, \$1,050 (2023 - \$nil) is prepaid to Moneta for future services.

(c) Due to related party

The amount due to related party of \$150 (December 31, 2023 - \$3,162) is owed to the chief executive officer of the Company for reimbursements of expenses in the normal course of business. The amount is unsecured, non-interest-bearing and payable on demand.