H2 VENTURES 1 INC.

Condensed Interim Financial Statements

For the six months ended June 30, 2025, and 2024

(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 six months ending June 30, 2025, 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
(Expressed in Canadian Dollars)

As at	June 30, 2025 (Unaudited)	December 31, 2024 (audited)
ASSETS		
Current assets		
Cash and cash equivalents (Note 5)	$ 4,998,768	$ 5,040,975
Advance payment	3,000	-
Total assets	$ 5,001,768	$ 5,040,975
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 50,028	$ 29,667
Due to related party (Note 8)	200	150
Total liabilities	50,228	29,817
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	4,815,458	4,815,458
Reserves (Note 6)	329,991	43,378
Retained earnings/(Deficit)	(193,909)	152,322
Total shareholders' equity	4,951,540	5,011,158
Total liabilities and shareholders' equity	$ 5,001,768	$ 5,040,975

Nature and Continuance of Operations (Note 1)

These condensed interim financial statements were approved for issue by the Board of Directors on August 29, 2025, and signed on its behalf by:

"Eric Denhoff" Director

Eric Denhoff

"Erin Campbell" Director

Erin Campbell

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

(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended June 30 2025	Three Months Ended June 30 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Operating expenses				
Accounting and audit	$ 3,194	$ 3,325	$ 6,808	$ 7,082
Consulting fees (Note 8)	27,300	5,586	31,125	10,206
General and administration	55,272	701	60,574	4,127
Legal and professional fees	31,029	48,587	36,714	67,686
Regulatory fees	-	-	9,765	8,962
Share-based payment (Note 6,8)	-	-	286,613	-
Total operating expenses	(116,795)	(58,199)	(431,599)	(98,063)
Other income				
Interest income	42,596	64,386	84,884	128,480
Dividend income	71	-	484	-
Total other income	42,667	64,386	85,368	128,480
Net (loss)/income and comprehensive income for the period	$ (74,128)	$ 6,187	$ (346,231)	$ 30,417
Basic and diluted (loss)/earnings per common share	$ (0.00)	$ 0.00	$ (0.01)	$ 0.00
Weighted average number of common shares outstanding – basic	49,400,000	49,400,000	49,400,000	49,400,000
Weighted average number of common shares outstanding - diluted	49,400,000	49,400,000	49,400,000	49,400,000

(Unaudited - Expressed in Canadian Dollars)

	Common Shares				
	Number	**Share Capital**	**Reserves**	**Deficit**	**Total**
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	-	-	-	30,417	30,417
Balance – June 30, 2024	61,200,000	4,815,458	293,000	10,324	5,118,782
Balance – December 31, 2024	61,200,000	4,815,458	43,378	152,322	5,011,158
Share-based Payment	-	-	286,613	-	286,613
Net loss and comprehensive loss for the period	-	-	-	(346,231)	(346,231)
Balance – June 30, 2025	61,200,000	$ 4,815,458	$ 329,991	$ (193,909)	$ 4,951,540

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)

Six months ended		**June 30, 2025**		**June 30, 2024**
CASH FLOWS PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
Net (loss) income for the period	$	(346,231)	$	30,417
Change in non-cash items				
Share-based payment		286,613		-
Change in non-cash working capital items				
Prepaid expense		-		4,200
Advance payment		(3,000)		-
Due from related party		50		(743)
Accounts payable and accrued liabilities		20,361		40,470
Net cash (used in) provided by operating activities		(42,207)		74,344
FINANCING ACTIVITIES				
Paid to related party		-		(3,162)
Net cash provided by financing activities		-		(3,162)
(Decrease) Increase in cash and cash equivalents for the period		(42,207)		71,182
Cash and cash equivalents, beginning of period		5,040,975		5,117,444
Cash and cash equivalents, end of period	$	4,998,768	$	5,188,626
Breakdown of cash and cash equivalents				
Cash	$	20,488	$	6,977
Cash equivalents (Cashable GIC)		4,978,280		5,181,649
	$	4,998,768	$	5,188,626
Supplemental cash flow information				
Cash paid for interest during the period	$	-	$	-
Cash received for interest during the period	$	84,884	$	128,480
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.

The Company announced that it has entered into a binding term sheet dated for reference May 30, 2025, in respect of the proposed acquisition of Magnus Green Solar LLC, a private company existing as a Limited Liability Company – Single Owner in the United Arab Emirates (the "Transaction"). The Transaction is subject to the approval of, inter alios, the TSX Venture Exchange (the "Exchange") and is intended to constitute the Qualifying Transaction (as such term is defined in the policies of the Exchange) of the Company in accordance with Exchange Policy 2.4 – Capital Pool Companies.

The Company and Magnus intend to enter into a definitive agreement (the "Definitive Agreement") in respect of the Transaction as mutually agreed to by the Parties. In connection with the Transaction, Magnus may raise up to USD$10,000,000 on terms to be mutually agreed upon by the Parties, if required.

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, 2024, 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 August 29, 2025.

(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, 2024.

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. Cash and cash equivalents

Cash and cash equivalents is composed of cash of $20,488 (December 31, 2024: $92,579) and a guaranteed investment certificate ("GIC") of $4,978,280 (December 31, 2024: $4,948,396). The GIC expires on September 19, 2025 and earns 3.5% annualized interest (2024 – 3.5%).

6. 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 six months ended June 30, 2025

No shares were issued during these six months.

During the year ended December 31, 2024

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 June 30, 2025, the Company had 11,800,000 common shares held in escrow (2024 – 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

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6. Share Capital (continued)

(d) Reserves (continued)

Stock options

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.

On March 06, 2025, the Company granted an aggregate of 3,750,000 stock options to certain directors and officers, at an exercise price of $0.07 expiring 3 years and three months from the date of grant and 100% vesting on date of grant. The options were valued using the Black-Scholes model under the following assumptions: a risk-free rate of 2.63%, an estimated annualized volatility of 148,86% using the company volatility, an expected life of 3.25 years, a nil dividend yield, and an exercise price of $0.07.

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	0.05	1,000,000
Granted	0.05	150,000
Balance December 31, 2024	0.05	1,150,000
Granted	0.07	3,750,000
Balance June 30, 2025	$0.07	4,900,000

Incentive stock options outstanding and exercisable at June 30, 2025 are summarized as follows:

Expiry Date	**Exercise Price**	**June 30, 2025**
June 4, 2026	$0.05	1,150,000
June 4, 2028	0.07	3,750,000
Total outstanding and exercisable options	$0.07	4,900,000

As at June 30, 2025, the weighted average remaining life for outstanding stock options was 2.46 (December 31, 2024 – 1.42) years.

7. Financial Instruments and Risk Management

Fair value

The Company's financial instruments at June 30, 2025 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 June 30, 2025, the Company had a working capital of $4,951,540 (December 31, 2024 - $5,011,158).

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 3.5% 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 June 30, 2025, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

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 six months ended June 30, 2025. (2024: $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 six months ended June 30, 2025, $nil (2024: $4,200) in fees were paid to Moneta. Starting April 2024, the Company ceased payment to Moneta and paid WPC Inc, a corporation which is controlled by another director of the Company, for the six months ended June 30, 2025, $6,300 in fees were paid for administrative services to the Company.

(c) Due to related party

The amount due to related party of $200 (December 31, 2024 - $150) 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.

(d) Others

On March 06, 2025, the Company granted an aggregate of 3,750,000 stock options to certain directors and officers, at an exercise price of $0.07 expiring 3 years and three months from the date of grant and 100% vesting on date of grant. The options were valued using the Black-Scholes model under the following assumptions: a risk-free rate of 2.63%, an estimated annualized volatility of 148,86% using the company volatility, an expected life of 3.25 years, a nil dividend yield, and an exercise price of $0.07.