PENTAGON I CAPITAL CORP.

FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

(Audited and Expressed in Canadian Dollars)

McGovern Hurley

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Pentagon I Capital Corp.

Opinion

We have audited the financial statements of Pentagon I Capital Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of loss and comprehensive loss, statements of changes in shareholders' equity and statements of 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, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. 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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there were no key audit matters to communicate in our report.

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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 audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or 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 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 judgement 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 risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner of the audit resulting in this independent auditor’s report is Nicole Louli.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 27, 2026

PENTAGON I CAPITAL CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

		December 31, 2025		December 31, 2024
ASSETS				
Current assets				
Cash and cash equivalents	$	170,782	$	200,611
Total assets	$	170,782	$	200,611
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (Notes 4 and 9)	$	36,918	$	25,697
Total liabilities		36,918		25,697
Shareholders' equity				
Share capital (Note 5)		316,458		316,458
Equity reserves (Note 5)		74,800		74,800
Deficit		(257,394)		(216,344)
Total shareholders' equity		133,864		174,914
Total liabilities and shareholders' equity	$	170,782	$	200,611

Nature of Operations (Note 1)
Going concern (Note 2)
Subsequent events (Note 10)

Approved on behalf of the Board:

(signed) "*Estani Auriemma*" Director (signed) "*James McVicar*" Director

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

PENTAGON I CAPITAL CORP.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Year ended December 31, 2025	Year ended December 31, 2024
EXPENSES		
Professional fees (Note 9)	27,000	26,243
Corporate services and administration	10,145	4,348
Stock exchange fees	7,930	6,396
OTHER (INCOME)		
Finance income	$ (4,025)	$ (8,007)
Loss and comprehensive loss for the year	$ 41,050	$ 28,980
Basic and diluted loss per common share (Note 5)	$ 0.01	$ 0.01
Weighted average number of common shares outstanding – basic and diluted (Note 5)	3,000,000	3,000,000

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

PENTAGON I CAPITAL CORP.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Share Capital								
	Number of Shares		**Amount**		**Equity Reserves**		**Deficit**		**Total**
Balance, December 31, 2023	**5,800,000**	**$**	**316,458**	**$**	**74,800**	**$**	**(187,364)**	**$**	**203,894**
Net loss for the year	-		-		-		(28,980)		(28,980)
Balance, December 31, 2024	**5,800,000**	**$**	**316,458**	**$**	**74,800**	**$**	**(216,344)**	**$**	**174,914**

	Share Capital								
	Number of Shares		**Amount**		**Equity Reserves**		**Deficit**		**Total**
Balance, December 31, 2024	5,800,000	$	316,458	$	74,800	$	(216,344)	$	174,914
Net loss for the year	-		-		-		(41,050)		(41,050)
Balance, December 31, 2025	**5,800,000**	**$**	**316,458**	**$**	**74,800**	**$**	**(257,394)**	**$**	**133,864**

PENTAGON I CAPITAL CORP.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Year ended December 31, 2025		Year ended December 31, 2024	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the year	$	(41,050)	$	(28,980)
Non-cash expenses:				
Changes in non-cash working capital items:				
Accounts payable and accrued liabilities		11,221		10,530
Net cash used in operating activities		(29,829)		(18,450)
Change in cash during the year		(29,829)		(18,450)
Cash and cash equivalents, beginning of year		200,611		219,061
Cash and cash equivalents, end of year	$	170,782	$	200,611
Cash and cash equivalents composed of:				
Cash	$	7,327	$	11,662
Cash equivalents	$	163,455	$	188,949

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

1. NATURE OF OPERATIONS

Pentagon I Capital Corp. (the "**Company**") was incorporated on November 3, 2021 under the *Business Corporations Act* (Ontario). On June 29, 2022, the Company completed an initial public offering of common shares (the "**IPO**") and the common shares of the Company commenced trading on the TSX Venture Exchange ("**TSX-V**") on June 29, 2022 under the symbol PNTI.P. The Company is a Capital Pool Company ("**CPC**") as defined in the revised TSX-V. Policy 2.4 ("**Policy 2.4**"), effective January 1, 2021.

The Company has not commenced commercial operations and has no assets other than cash. Given the nature of the activities, no separate segmented information is reported. The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of a business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's length transaction, of the majority of the minority shareholders.

As a CPC, the Company's objective is to identify and acquire either operating assets or a business, subject to regulatory approval, that meet the criteria of a Qualifying Transaction as defined by the TSX-V ("**Qualifying Transaction**"). Until such time that a Qualifying Transaction is completed, the Company will have no significant revenue and will incur expenses primarily for Qualifying Transaction investigation, TSX-V listing and filing requirements, professional services and office facilities and administration, subject to certain restrictions under Policy 2.4. Additional discussion on these restrictions is included in Note 7.

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 expensed for general and administrative costs during the Qualifying Transaction process. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the policies of the TSX-V. There is no assurance that the Company will be able to identify a Qualifying Transaction within the time limitations permissible under the policies of the TSX-V, at which time the TSX-V may suspend or delist the Company's shares from trading.

The Company's registered office address and its principal place of business are located at 110 Yonge Street, Suite 1601, Toronto ON M5C 1T4.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**").

These financial statements were authorized for issue by the Audit Committee and Board of Directors on April 27, 2026.

b) Basis of Measurement

These financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

2. BASIS OF PRESENTATION (cont'd…)

c) Continuance of Operations

The Company does not generate revenue from operations. The Company incurred a net loss of $41,050 (2024 – $28,980) during the year ended December 31, 2025. As at December 31, 2025, the Company had cash and cash equivalents of $170,782 (2024 – $200,611) which the Company's management believes is sufficient to pay $36,918 (2024 – $25,697) in accounts payable and accrued liabilities then outstanding and for its projected operating costs for the next 12 months. Where a Qualifying Transaction is warranted, additional funding may be required.

These financial statements have been prepared on a going concern basis, which presumes realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. As the Company has no revenues, its ability to continue as a going concern is dependent on obtaining additional financing and completing a Qualifying Transaction. However, the Company believes that its working capital balance as at December 31, 2025 will provide the Company with sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue its existence. Such adjustments could be material.

3. MATERIAL ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and Canadian Treasury Bonds with a maturity of three months or less from the date of acquisition.

Financial instruments

Financial instruments consist of financial assets and financial liabilities and are initially recognized at fair value along with, in the case of a financial asset or liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit and loss.

The Company classifies its financial assets and financial liabilities in the following measurement categories:

i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and

ii) those to be measured at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets 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 the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income. The Company did not measure any financial assets or liabilities at fair value during the years ended December 31, 2025 and 2024.

Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). Any fair value changes due to credit risk for liabilities designated at fair value through profit and loss are recorded in other comprehensive income.

3. MATERIAL ACCOUNTING POLICIES (cont'd…)

The Company has implemented the following classifications for financial instruments:

- The Company's sole financial asset is cash and cash equivalents. Cash and cash equivalents is classified as a financial asset at amortized cost.
- Financial liabilities comprise accounts payable and accrued liabilities. Accounts payable and accrued liabilities are classified as amortized cost and are measured using the effective interest rate method. Interest expense is recorded in profit or loss, as applicable.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Impairment of financial assets

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The Company's sole financial asset is cash and cash equivalents and, accordingly, does not hold any financial assets measured at amortized cost.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statement of loss.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Financing costs

Costs incurred to obtain equity financing are deducted from the value assigned to shares issued. When costs are incurred prior to the closing of a financing arrangement, these amounts are presented as a deferred asset until the financing has closed at which time they are reclassified as share issuance costs. If an expected financing arrangement does not occur, any deferred costs are recorded as an expense.

Share-based compensation

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

Stock options granted to directors, officers and employees are measured at their fair values determined on their grant date, using the Black-Scholes option pricing model, and are recognized as an expense over the vesting periods of the options on a graded basis. Options granted to consultants or other non-insiders are measured at the fair value of goods or services received from these parties, or at their Black-Scholes fair values if the fair value of goods or services received cannot be measured. A corresponding increase is recorded to equity reserves for share-based compensation recorded.

When stock options are exercised, the cash proceeds along with the amount previously recorded as equity reserves are recorded as share capital. When the right to receive options is forfeited before the options have vested, any expense previously recorded is reversed.

3. MATERIAL ACCOUNTING POLICIES (cont'd…)

Income taxes

Tax provisions are recognized when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in income in the period in which the change occurs.

Deferred tax assets or liabilities, arising from temporary differences between the tax and accounting values of assets and liabilities, are recorded based on tax rates expected to be enacted when these differences are reversed. Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recovered. This involves an assessment of when those deferred tax assets are likely to be realized, and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as in the amounts recognized in income in the period in which the change occurs.

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in income both in the period of change, which would include any impact on cumulative provisions, and in future periods.

Loss per share

Basic loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the period excluding shares held in escrow.

Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options and warrants, as if their dilutive effect was at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of "in-the-money" stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period.

In periods that the Company reports a net loss, any stock options or warrants outstanding are excluded from the calculation of diluted loss per share as their inclusion would be anti-dilutive.

Use of estimates and measurement uncertainties

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the measurements of assets, liabilities, revenues, expenses and certain disclosures reported in these financial statements. Significant estimates made by management include the following:

Income, value added, withholding and other taxes

Income, value added, withholding and other taxes The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICIES (cont'd…)

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment is used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates. The Company currently estimates the expected volatility of its common shares based on the volatility of comparable companies taking into consideration the expected life of the options and warrants.

Accounting changes

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2026. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company is currently evaluating the impact of these new standards on its financial statements.

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures. The amendments clarify the derecognition of financial liabilities and introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features and the treatment of non-recourse assets and contractually linked instruments (CLIs). Further, the amendments mandate additional disclosures in IFRS 7 for financial instruments with contingent features and equity instruments classified at FVOCI. The amendments are effective for annual periods starting on or after January 1, 2026. Retrospective application is required.

Presentation and Disclosure in Financial Statements (IFRS 18)

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. The new standards replace IAS 1 Presentation of Financial Statements. IFRS 18 introduces new categories and required subtotals in the statement of profit and loss and also requires disclosure of management-defined performance measures. It also includes new requirements for the location, aggregation and disaggregation of financial information. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements. Retrospective application is required and early adoption is permitted.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities of the Company are due for professional fees and are payable within the next 12 months.

5. SHAREHOLDERS' EQUITY

Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value. There have been no changes to the number of common shares in the years ended December 31, 2025 and 2024.

	Number of Shares	Assigned Value
Outstanding, December 31, 2025, 2024, and 2023	5,800,000	316,458

(Expressed in Canadian dollars)

5. SHAREHOLDERS' EQUITY (cont'd…)

Escrowed shares

Subject to an Escrow Agreement pursuant to the requirements of the TSX-V, an aggregate of 2,800,000 common shares are held in escrow. Under the terms of the Escrow Agreement, these shares will be released as to 25% thereof on the completion of the Company's Qualifying Transaction and as to 25% thereof on each of the 6th, 12th, and 18th months following the initial release.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction, must also be deposited in escrow subject to the terms of release noted above.

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

The 2,800,000 seed common shares are considered contingently issuable until the Company completes a Qualifying Transaction and, accordingly, they are not considered to be outstanding shares for purposes of loss per share calculations.

Equity reserves

Stock options

The Company has adopted an incentive stock option plan which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase its common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares, exercisable for a period of up to ten years from the date of grant. The vesting conditions, if any, for stock options granted are determined at the discretion of the Company's Board of Directors.

There have been no changes to the Company's stock options during the years ended December 31, 2025 and 2024.

	Number of Stock Options	Expiry Date	Exercise Price
Outstanding, December 2025, 2024, and 2023	580,000	June 29, 2027	$0.10

As at December 31, 2025, the weighted average remaining life of the issued and outstanding options was 1.5 years.

Warrants

The Company may grant warrants that can be exercised to purchase its common shares at terms determined at the discretion of the Company's Board of Directors. These warrants may be included with common shares in future financings or granted as compensation for services provided to the Company.

There have been no changes to the Company's Warrants during the years ended December 31, 2025 and 2024.

	Number of Warrants	Expiry Date	Exercise Price
Outstanding, December 31, 2025, 2024, and 2023	300,000	June 29, 2027	$0.10

(Expressed in Canadian dollars)

5. SHAREHOLDERS' EQUITY (cont'd…)

Per share amounts

Weighted average loss per share for the years ended December 31, 2025 and 2024 is calculated as follows:

	Year ended December 31, 2025		Year ended December 31, 2024	
Numerator				
Net loss for the year	$	(40,050)	$	(28,980)
Denominator				
Weighted average number of common shares outstanding, basic and diluted		3,000,000		3,000,000
Loss per common share, basic and diluted	$	0.01		0.01

The calculation of basic and diluted loss per share for the period ended December 31, 2025 was based on the loss attributable to common shareholders of $40,050 (2024 – $28,980), and the weighted average number of common shares outstanding of 3,000,000 and excludes the 2,800,000 common shares held in escrow. The 2,800,000 common shares are subject to certain escrow conditions that require the completion of a qualifying transaction. If a qualifying transaction is not completed, shares held by escrowed shares will be cancelled.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at December 31, 2025 and 2024 the Company's financial instruments comprise cash and accounts payable and accrued liabilities. The fair values of cash and accounts payable and accrued liabilities approximate their carrying values due to their short-term maturity. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs that are not based on observable market data (unobservable inputs).

As at December 31, 2025 and 2024, the Company did not have any financial instruments classified using the fair value hierarchy.

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

Credit risk

Credit risk is the risk of loss arising from a third party to a financial instrument failing to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents. The Company believes it has no significant credit risk as the aggregate of its cash and cash equivalent balance is held in a high credit quality Canadian financial institution and a lawyer's trust account with a reputable Canadian law firm.

(Expressed in Canadian dollars)

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures there is sufficient capital to meet short-term business requirements, after considering cash flows from operations and the Company's holdings of cash. As at December 31, 2025, the Company had a cash and cash equivalents balance of $170,782 (2024 – $200,611) which is sufficient to settle current liabilities of $36,918 (2024 – $25,697) and anticipated short-term cash requirements, and as such, the Company is not exposed to significant liquidity risk. The Company's financial liabilities include trade payables that have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and equity prices. As the Company does not currently hold and does not expect to hold interest-bearing financial instruments other than cash and cash equivalents, assets or liabilities denominated in a foreign currency, and marketable securities or other financial instruments subject to fluctuations in equity prices, it currently does not have and is not expected to have exposure to these market risks.

7. CAPITAL MANAGEMENT

In the management of capital, the Company defines capital as its shareholders' equity. As at December 31, 2025, the Company's shareholders' equity was $133,864 (2024 – $174,914). The Company's objectives when managing capital are to maintain a low level of on-going operating costs and to continue as a going concern until a Qualifying Transaction can be completed. The Company's current capital was received from the issuance of common shares. The net proceeds raised to date will only be sufficient to identify and evaluate a limited number of assets and businesses for the purpose of identifying and completing a Qualifying Transaction.

The Company is not subject to any externally imposed capital requirements other than the expenditure restrictions applicable under Policy 2.4. These expenditure restrictions limit the Company's on-going expenditures to reasonable expenses relating to a proposed Qualifying Transaction, assurance and audit fees, escrow agent and transfer agent fees, regulatory filing fees and a maximum of $3,000 per month for other general and administrative costs. There were no significant changes in the Company's approach to capital management during the years ended December 31, 2025 and 2024.

8. INCOME TAXES

A reconciliation of combined federal and provincial corporate income taxes at statutory rates of 26.5% (2024 – 26.5%) to the effective income tax expense is as follows:

	December 31, 2025	December 31, 2024
Loss for the year	$ (41,050)	$ (28,980)
Expected income tax recovery	(11,000)	(8,000)
Change in unrecognized deductible temporary differences	11,000	8,000
Total income tax recovery	-	-

The significant components of the Company's deductible temporary differences are as follows:

	December 31, 2025	December 31, 2024
Non-capital losses available for future periods	$ 286,000	$ 202,000
Share issue costs	31,000	49,000
Total deductible temporary differences	317,000	251,000

8. INCOME TAXES (cont'd…)

The non-capital losses expire between 2041 and 2045.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

9. RELATED PARTY TRANSACTIONS

Key management personnel consists of officers and directors of the Company. No compensation was paid to management during the years ended December 31, 2025 and 2024.

As at December 31, 2025, the Company held cash of $3,750 (2024 – $7,605) in trust with a law firm whose partner is a director of the Company.

During the year ended December 31, 2025, legal fees in the amount of $10,721 (2024 – $12,130) were charged from a law firm whose partner is a director. As at December 31, 2025, $22,851 (2024 -$12,130) is payable to this law firm. All of the amounts payable to related parties are unsecured, non-interest bearing with no fixed terms of repayment.

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

Refer to Note 5.

10. SUBSEQUENT EVENT

On February 4, 2026, the Company entered into a binding letter of intent (the "**LOI**") for a qualifying transaction (the "**Proposed QT**") with Prospectiva Resources Ltd. ("Prospectiva"). The Proposed QT involves the acquisition of all the issued and outstanding shares of Prospectiva. Pursuant to the LOI, holders of issued and outstanding ordinary shares of Prospectiva ("**Prospectiva Ordinary Shares**") will receive one (1) common share of the resulting issuer (the "**Resulting Issuer Common Shares**") for each one (1) Prospectiva Ordinary Share, subject to Adjustment (as defined below). It is also anticipated that immediately prior to the closing of the Proposed QT: (i) holders of common shares of the Company ("**Pentagon Shares**") will hold 5,800,000 Pentagon Shares (subject to adjustment pursuant to the Adjustment); (ii) holders of incentive stock options of the Company ("**Pentagon Options**") will hold 580,000 Pentagon Options (subject to adjustment pursuant to the Adjustment); (iii) holders of common share purchase warrants of the Company ("**Pentagon Warrant**") will hold 300,000 Pentagon Warrants (subject to adjustment pursuant to the Adjustment); (iv) holders of 4,080,731 Prospectiva Ordinary Shares shall be entitled to receive 4,080,731 common shares of the resulting issuer ("**Resulting Issuer Common Shares**") (subject to adjustment pursuant to the Adjustment); and (v) holders of 210,000 incentive stock options of Prospectiva shall be entitled to receive 210,000 incentive stock options of the resulting issuer (subject to adjustment pursuant to the Adjustment). The final structure of the Proposed QT is subject to the receipt of tax, corporate and securities law advice by both the Company and Prospectiva.

It is a condition of the Proposed QT for the parties to close a concurrent private placement through the offering of subscription receipts ("**Subscription Receipts**") of one of the parties (or a subsidiary of Prospectiva), with such party to be determined by mutual agreement of the Company and Prospectiva.

It is currently contemplated that the Company will complete an adjustment by way of consolidation or stock split in respect of the common shares of the Company, on a basis that results in the number of common shares of the Company on a post-Adjustment basis, when multiplied by the issue price of the Subscription Receipts, being equal to $800,000 (the "**Adjustment**"). All incentive stock options and warrants of the Company are anticipated to be adjusted in accordance with the Adjustment.

10. SUBSEQUENT EVENT (cont'd…)

The Proposed QT is subject to the approval of the TSX-V, and is intended to constitute the Company's "Qualifying Transaction" for the purposes of TSX-V policies. Upon completion of the Proposed QT, it is expected that the Company will change its name to a name to be determined by Prospectiva, and the resulting issuer will carry on the business of Prospectiva. There can be no assurance that the Proposed QT will be completed as proposed or at all.