

DEPARTURE BAY CAPITAL CORP.

(A Capital Pool Company)

Condensed Interim Financial Statements
For the three months ended May 31, 2024

(Expressed in Canadian dollars - Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements, they must be accompanied by a notice indicating that these condensed interim financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for review of condensed interim financial statements by an entity's auditor.

DEPARTURE BAY CAPITAL CORP.**(A Capital Pool Company)**

Condensed Interim Statements of financial position

(Expressed in Canadian dollars)

	May 31, 2024 (unaudited)	February 28, 2024 (audited)
	\$	\$
Assets		
Current assets		
Cash	143,149	149,595
Total assets	143,149	149,595
Liabilities and shareholders' equity		
Current liability		
Accounts payable and accrued liabilities	12,625	16,308
Shareholders' equity		
Share capital (Note 4)	257,100	257,100
Reserves (Note 4)	48,455	48,455
Deficit	(175,031)	(172,268)
Total shareholders' equity	130,524	133,287
Total liabilities and shareholders' equity	143,149	149,595

Nature of operations and going concern (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on August 1, 2024 by:

/s/ Trevor Treweek

Director

/s/ Paul Andreola

Director

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

DEPARTURE BAY CAPITAL CORP.**(A Capital Pool Company)**

Condensed Interim Statements of net and comprehensive loss

(Expressed in Canadian dollars - Unaudited)

	For the three months ended May 31, 2024	For the three months ended May 31, 2023
	\$	\$
Expenses		
Bank charges	138	226
Legal fees	-	571
Accounting and audit fees	2,625	2,625
Net and comprehensive loss for the year	(2,763)	(3,422)
Net loss per share, basic and diluted	(0.00)	(0.00)
Weighted average number of shares outstanding, basic and diluted	2,000,000	2,000,000

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

DEPARTURE BAY CAPITAL CORP.**(A Capital Pool Company)**

Condensed Interim Statements of changes in shareholders' equity (deficit)

(Expressed in Canadian dollars - Unaudited)

	Share capital					
	Number of shares	Amount	Subscription Receivable	Reserves	Deficit	Total shareholders' equity (deficit)
		\$	\$	\$	\$	\$
Balance, February 28, 2023	4,500,000	257,100	-	48,455	(128,473)	177,082
Net loss for the period	-	-	-	-	(120,473)	(120,473)
Balance, May 31, 2023	4,500,000	257,100	-	48,455	(128,473)	177,082
Balance, February 28, 2024	4,500,000	257,100	-	48,455	(172,268)	133,287
Net loss for the period	-	-	-	-	(2,763)	(2,763)
Balance, May 31, 2024	4,500,000	257,100	-	48,455	(175,031)	130,524

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

DEPARTURE BAY CAPITAL CORP.**(A Capital Pool Company)**

Condensed Interim Statements of cash flows

(Expressed in Canadian dollars - Unaudited)

	For the three months ended May 31, 2024	For the three months ended May 31, 2023
	\$	\$
Operating activities		
Net loss for the period	(2,763)	(3,422)
Adjustment for non-cash working capital:		
Accounts payable and accrued liabilities	(3,683)	2,146
Net cash used in operating activities	(6,446)	(1,276)
Change in cash	(6,446)	(1,276)
Cash – beginning of period	149,595	193,418
Cash – end of period	143,149	192,142

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DEPARTURE BAY CAPITAL CORP.

(A Capital Pool Company)

Notes to the condensed interim financial statements

For the three months ended May 31, 2024

(Expressed in Canadian dollars - Unaudited)

1. NATURE OF OPERATIONS

Departure Bay Capital Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on February 16, 2022. The Company is classified as a Capital Pool Company as defined in the TSX Venture Exchange (the "Exchange") Policy 2.4. The principal business of the Company is the identification and evaluation of a Qualifying Transaction ("QT") and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities. On October 26, 2022, the Company completed its initial public offering ("IPO") and the common shares of the Company were listed on the Exchange under the symbol "DBC.P". The common shares of the Company began trading on the Exchange on October 28, 2022.

The head office, principal address and registered office of the Company are located at Suite 228 – 1122 Mainland Street, Vancouver, B.C. V6B 5L1, Canada.

There is no assurance that the Company will identify a QT and complete a transaction.

These financial statements have been prepared on the 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. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. As May 31, 2024, the Company has not generated any revenues from operations and has an accumulated deficit of \$175,031 and there is no assurance that the Company will identify a QT under the policies of the Exchange. If a QT is not completed, the Company will need to identify other courses of financing to remain as a going concern. The Company expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments to the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications used that may be necessary if the Company is unable to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of Compliance

These condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standards ("IAS") 34, '*Interim Financial Reporting*' using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Preparation

The financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. The financial statements are prepared on a historical cost basis except for financial instruments held at fair value. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

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2. BASIS OF PRESENTATION (continued)

Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

There have been no significant judgments made by management in the application of IFRS other than the going concern assumption (note 1) that have a significant effect on these financial statements.

3. MATERIAL ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with IFRS within the framework of the material accounting policies described below:

Financial Instruments

Cash and accounts payable and accrued liabilities are classified as measured at amortized cost, initially recognized as fair value net of transaction costs, subsequently measured at amortized cost using the effective interest method.

Share capital and share issuance costs

The Company's common shares and any future offerings of share warrants and options are classified as equity instruments. Costs directly attributable to the raising of capital are charged against the related share capital. Costs related to shares not yet issued are recorded as deferred share issuance costs. These costs are deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to profit or loss if the shares are not issued.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. As the Company has reported losses for the periods presented, the effect of stock options and warrants is antidilutive; therefore, basic loss per share equals diluted loss per share.

Once the common shares are placed in escrow, they are considered contingently issuable under IFRS until the Company completes its QT and will not be considered outstanding for purpose of the loss per share calculation.

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3. MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments

The Company grants 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.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is expensed over the vesting terms. Consideration paid for the shares on the exercise of stock options is credited to capital stock. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in reserves remains in the same account. The Company estimates a forfeiture rate and adjusts the corresponding expense each period based on an updated forfeiture estimate.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment based on the fair market value of when the shares are issued. Otherwise, share-based payments are measured at the fair value of goods or services received.

New standards adopted during the year

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

These amendments continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures.

These amendments are adopted by the Company effective March 1, 2023. The adoption of the amendments reduced the Company's disclosure of its accounting policies.

New standards issued but not yet effective

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 introduces three sets of new requirements to give investors more transparent and comparable information about companies' financial performance for better investment decisions.

- Three defined categories for income and expenses - operating, investing and financing - to improve the structure of the income statement, and require all companies to provide new defined subtotals, including operating profit.
- Requirement for companies to disclose explanations of management-defined performance measures (MPMs) that are related to the income statement.
- Enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes.

This new standard is effective for reporting periods beginning on or after January 1, 2027. The Company will be evaluating the impact of this standard on its financial statements.

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4. SHARE CAPITAL

Authorized share capital

Unlimited Class A Common Shares without par value; and

Unlimited Class B Preferred Shares without par value

Share issuances

On February 16, 2022, the Company issued 2,000,000 common shares at \$0.05 per share to the directors of the Company for proceeds of \$100,000 which were received during the year ended February 28, 2023.

On March 18, 2022, the Company issued 500,000 common shares at a price \$0.05 per share.

The Company completed its IPO on October 26, 2022 in which it distributed 2,000,000 common of the Company at a price of \$0.10 per common share for gross proceeds of \$200,000. The Company paid \$20,000 in cash finder's fees, paid \$33,000 in share issuance costs comprising corporate finance fee and agents' costs, and issued 200,000 broker warrants exercisable into one common share of the Company at \$0.10 per share expiring October 26, 2027.

Escrowed Securities

Seed shares issued below the IPO price, shares acquired from treasury by non-arm's length parties to the CPC and CPC stock options and shares issued on exercise of stock options, which were granted before the IPO and at an exercise price less than the IPO price, are all subject to a CPC Escrow Agreement. Under the CPC Escrow Agreement, 25% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 25% will be released on the dates 6, 12, and 18 months following the Initial Release. Shares acquired by the "Pro Group" as such term is defined in Exchange policies, at or above the IPO price and shares acquired by a "Control Person" as such term is defined in Exchange policies, in the secondary market are not subject to the CPC Escrow Agreement.

At May 31, 2024 and February 29, 2024, 2,500,000 common shares and 450,000 stock options are held in escrow.

Once the common shares are placed in escrow, they are considered contingently issuable under IFRS until the Company completes a QT and will not be considered outstanding for purpose of the loss per share calculation.

Options

The Company adopted a rolling stock option plan (the "Plan") to grant options to directors, senior officers, employees and consultants of the Company. The aggregate outstanding options are limited to 10% of the outstanding common shares, and the maximum term for options granted under the Plan is 10 years. The option exercise price under each option shall be not less than the Discounted Market Price as defined in the policies of the exchange on the Grant Date.

On October 26, 2022, the Company granted 450,000 stock options to officers and directors to purchase common shares in the Company at a price of \$0.10 per common share. These options had a fair value of \$33,555 calculated using the Black Scholes model with the following inputs: i) exercise price: \$0.10; ii) share price: \$0.10; iii) term: 5 years; iv) volatility: 100%, based on comparable peer companies' volatilities; v) Risk-free interest rate: 0.44%. As at February 29, 2024, these were the only options outstanding with a remaining life of 3.41 years (February 28, 2024 – 3.66 years).

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4. SHARE CAPITAL (continued)

Warrants

On October 26, 2022, the Company granted 200,000 share purchase warrants to finders to purchase common shares in the Company at a price of \$0.10 per common share. These options had a fair value of \$14,900 which has been included as a reduction to share capital calculated using the Black Scholes model with the following inputs: i) exercise price: \$0.10; ii) share price: \$0.10; iii) term: 5 years; iv) volatility: 100%, based on comparable peer companies' volatilities; v) Risk-free interest rate: 0.44%. As at February 29, 2024, these were the only share purchase warrants outstanding with a remaining life of 3.41 years (February 28, 2024 – 3.66 years).

5. TRANSACTIONS WITH RELATED PARTIES

During the three months ended May 31, 2024, there were no related party transactions.

As at May 31, 2024 and February 28, 2024, \$nil was payable to related parties.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital Management

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the identification and evaluation of a QT and continue as a going concern. The Company considers capital to be all accounts in equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Additional funds may be required to finance the Company's QT. The Company is not subject to any externally imposed capital requirements other than the expenditure restrictions applicable under Policy 2.4, which will apply following the completion of the IPO. These expenditure restrictions limit the Company's on-going expenditures to reasonable expenditures relating to the IPO, reasonable expenses relating to a proposed QT, 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. The Company's approach to capital management has not been changed from prior year.

Risk Disclosures and Fair Values

The Company's financial instruments, consisting of cash and accounts payable and accrued liabilities, approximate fair values due to the relatively short-term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

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6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Liquidity Risk**

As at May 31, 2024, the Company had accounts payable and accrued liabilities of \$12,625 due within 12 months and had cash of \$143,149 to meet its current obligations. Cash was held at a major Canadian financial institution at May 31, 2024. As a result, the Company has minimal liquidity risk.

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company limits its exposure to credit loss for cash by placing its cash with a major financial institution. The Company believes it has no significant credit risk.