Unaudited Condensed Interim Financial Statements of

HAVILAND ENVIRO CORP.

A Capital Pool Corporation

For the three months ended June 30, 2023 and 2022

NOTICE OF NO AUDIT OR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim financial statements of Haviland Enviro Corp. (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 financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity’s auditor.

HAVILAND ENVIRO CORP.

A Capital Pool Corporation
Condensed Interim Statements of Financial Position
(In Canadian dollars)
(Unaudited)

As at

	Note	June 30, 2023	March 31, 2023
Assets			
Current assets			
Funds held in trust	3,4	**$ 707,486**	$ 782,707
Total assets		**$ 707,486**	$ 782,707
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	6	**$ 35,336**	$ 88,985
Total current liabilities		**35,336**	88,985
Shareholders' equity			
Share capital	5	**795,141**	795,141
Share option reserve	5	**47,696**	47,696
Deficit		**(170,687)**	(149,115)
Total shareholders' equity		**672,150**	693,722
Total liabilities and shareholders' equity		**$ 707,486**	$ 707,707
Nature of operations and going concern	1		

Approved by the Board of Directors:

(Signed) *"Albert Contardi"*

Albert Contardi - Director, Chief Executive Officer and Chief Financial Officer

(Signed) *"Monique Charbonneau"*

Monique Charbonneau - Corporate Secretary

HAVILAND ENVIRO CORP.

A Capital Pool Corporation

Condensed Interim Statements of Loss and Comprehensive Loss

(In Canadian dollars)

(Unaudited)

For the three months ended June 30,

	Note	**2023**	2022
Expenses			
Filing costs		**$ 8,564**	$ -
Qualifying transaction costs	1	**6,683**	-
Professional fees		**4,898**	6,104
Office and general		**1,427**	120
		21,572	6,224
Net loss and comprehensive loss for the period		**$ (21,572)**	$ (6,224)
Loss per share			
Basic and diluted	7	**(0.00)**	(0.00)
Weighted average number of shares outstanding			
Basic and diluted		**12,606,500**	4,732,967

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

HAVILAND ENVIRO CORP.

A Capital Pool Corporation

Condensed Interim Statements of Changes in Shareholders' Equity

(In Canadian dollars)

(Unaudited)

	Shares issued #	Share Capital $	Share-based payment reserve $	Warrant reserve $	Deficit $	Total shareholders' equity (deficiency) $
Balance as at March 31, 2022	**1**	**-**	**-**	**-**	**(5,756)**	**(5,756)**
Common shares issued for cash	7,300,000	365,000	-	-	-	365,000
Share issuance costs	-	(1,266)	-	-	-	(1,266)
Net loss for the period	-	-	-	-	(6,224)	(6,224)
Balance as at June 30, 2022	**7,300,000**	**363,734**	**-**	**-**	**(11,980)**	**351,754**
Balance as at March 31, 2023	**12,606,500**	**795,141**	**28,691**	**19,005**	**(149,115)**	**693,722**
Net loss for the period	-	-	-	-	(21,572)	(21,572)
Balance as at June 30, 2023	**12,606,500**	**795,141**	**28,691**	**19,005**	**(170,687)**	**672,150**

HAVILAND ENVIRO CORP.

A Capital Pool Corporation
Condensed Interim Statements of Cash Flows
(In Canadian dollars)
(Unaudited)

For the three months ended June 30,

	Note	2023	2022
Cash flows from operating activities			
Net loss for the period		**$ (21,572)**	$ (6,224)
Change in non-cash operating assets and liabilities			
Deferred financing costs		-	(8,605)
Accounts payable and accrued liabilities		**(53,649)**	14,829
Cash used in operating activities		**(75,221)**	-
Financing activities			
Share capital		-	365,000
Subscription receipts payable		-	(175,000)
Cash provided by financing activities		-	190,000
(Decrease) Increase in cash		**(75,221)**	190,000
Cash, beginning of period		**782,707**	175,000
Cash, end of period		**$ 707,486**	$ 365,000

1. Nature of operations and going concern

Haviland Financial Corp. (the "Company" or "Haviland") was incorporated January 26, 2022 pursuant to the provisions of the Business Corporations Act (British Columbia). The Company's registered head office is located at Suite 600 – 890 West Pender Street, Vancouver British Columbia Canada V6C 1J9. The Company's corporate and tax year-end is March 31. The Company's shares are listed for trading on the TSX Venture Exchange under the trading symbol "HEC.P".

The Company is carrying on business as a Capital Pool Corporation ("CPC"), as such term is defined in TSX Venture Exchange Inc. (the "Exchange") Policy 2.4 – Capital Pool Companies ("CPC Policy 2.4").

The Company's principal purpose is the identification, evaluation and acquisition of assets, properties or businesses or participation therein subject, in certain cases, to shareholder approval and acceptance by the Exchange, in its efforts to complete a "Qualifying Transaction", as such term is defined in the Exchange CPC Policy 2.4. As at June 30, 2023, the Company had no business operations.

Proposed Qualifying Transaction

On May 9, 2023, the Company entered into a Letter of Intent with Xogen Technologies Inc. ("Xogen"), a private company incorporated under the laws of the Province of Alberta, which outlines the general terms and conditions of a proposed business combination ("Proposed Transaction"). It is anticipated that the Proposed Transaction will constitute the Qualifying Transaction of the Company. The Proposed Transaction will not constitute a Non-Arm's Length Transaction as such term is defined in the CPC Policy 2.4.

Trading in the common shares of the Company was halted pursuant to the policies of the Exchange. There is no guarantee that this Proposed Transaction will be completed.

Where a Qualifying Transaction warrants, additional funding may be required. The ability of the Company to fund its potential future operations and commitments may be dependent upon the ability of the Company to obtain additional financing.

Going concern

These unaudited condensed interim financial statements were prepared on a going-concern basis of accounting, which assumes that the Company will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. The Company does not generate revenue from operations and incurred a net loss of $21,572 for the three months ended June 30, 2023 (2022 - $6,224). However, the Company believes that its working capital as at June 30, 2023 will provide the Company with sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period. As the Company has no revenues, its ability to continue as a going concern is dependent on its ability to complete the proposed Qualifying Transaction. These unaudited condensed interim financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

2. Basis of presentation

Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), using accounting policies consistent with International Financial Reporting Standards ("IFRS").

Accounting policies and methods of their application followed in the preparation of these unaudited condensed interim financial statements are consistent with those used in the audited financial statements for the period ended March 31, 2023, which are available under the Company's profile on www.SEDARplus.ca.

Basis of measurement

These unaudited condensed interim financial statements have been prepared on an historical cost basis and on an accrual basis except for cash flow information, and are presented in Canadian dollars, which is the Company's functional currency.

These unaudited condensed interim financial statements were authorized for issue by the Board of Directors on August 28, 2023.

3. Cash restriction

There is a restriction on the use of proceeds realized from the sale of all securities issued by the Company as a CPC. The gross proceeds raised from the Offering may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a proposed Qualifying Transaction, with the exception that general and administrative expenses are capped at $3,000 per month, including for professional accounting, advisory, and legal services expenses, and are not time-limited.

4. Funds held in trust

As at June 30, 2023, the Company had $707,486 held in trust with its lawyers (March 31, 2023 - $782,707).

5. Share capital

Authorized

Unlimited common shares with no par value

Issued	**Number of Common Shares**		**Amount**
Balance as at March 31, 2022	**1**	**$**	**-**
Share issuance	12,606,500	$	890,650
Share cancelled	(1)		-
Share issuance costs	-		(95,509)
Balance as at March 31, 2023 and June 30, 2023	**12,606,500**	**$**	**795,141**

(In Canadian dollars)

5. Share capital (continued)

Seed share issuance

As at March 31, 2022, the Company had issued one common share to a director and officer of the Company at a price of $0.05 per share. This share was cancelled on May 3, 2022.

During fiscal 2023, the Company issued an aggregate of 2,200,000 seed shares to directors and officers of the Company and an additional 5,200,000 seed shares to other investors, at a price of $0.05 per share, for gross proceeds of $370,000.

Seed share subscription proceeds totaling $175,000 were received in the period ended March 31, 2022, and the balance of $195,000 of seed share subscription proceeds were received between April 1, 2022 and September 30, 2022.

Initial Public Offering

On February 7, 2023, the Company completed its Offering pursuant to which it issued 5,206,500 common shares at $0.10 per share, for aggregate proceeds of $520,650.

Stock option plan (“Option Plan”)

The Option Plan provides that the Board of Directors of the Company may from time to time, in its discretion and in accordance with the Exchange requirements, grant to directors, officers, consultants and employees of the Company, options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Company, exercisable for a period of up to ten years from the date of grant.

The Option Plan was approved by the Board of Directors and adopted by the Company on January 26, 2022.

Stock options issued

On February 7, 2023, the directors and officers of the Company were granted options pursuant to the Company’s incentive stock option plan to purchase an aggregate of up to 400,000 common shares at $0.10 per share for a period of three years from the date of grant.

These options vested immediately upon grant and were valued upon issuance at $28,691 using the Black-Scholes option pricing model with the following assumptions: expected volatility of 120% based on the average volatility of comparable companies, expected life of three years, expected dividend yield of 0%, a risk free rate of 3.65% and a share price of $0.10.

	Number of stock options issued #	Weighted average exercise price $	Weighted average remaining life (Years)
Balance as at March 31, 2022	-	-	-
Granted – directors and officers	400,000	0.10	2.61
Balance as at March 31, 2023 and June 30, 2023	**400,000**	**0.10**	**2.61**

(In Canadian dollars)

5. Share capital (continued)

Shares subject to escrow

Upon completion of the Offering on February 7, 2023, all issued and outstanding seed shares became subject to a uniform 18-month escrow release schedule following the closing of a Qualifying Transaction, and will be released as to 25% on the date of the final Qualifying Transaction Exchange bulletin and an additional 25% on each of the dates that are 6, 12 and 18 months thereafter, pursuant to the terms of an Escrow Agreement dated as of November 10, 2022 between the Company, Odyssey Trust Company, and the shareholders of the Company.

Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer must also be escrowed.

All common shares acquired on exercise of stock options granted to directors and officers prior to completion of a Qualifying Transaction must also be deposited and held in escrow pursuant to the requirements of the Exchange.

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 Exchange, are required to be deposited and held in escrow.

Agent Options issued

The Offering was made on behalf of the Company by Stephen Avenue Securities Inc. (the "Agent"). Upon closing of the Offering on February 7, 2023 the Agent received a cash commission of $30,688 and reimbursed legal and other expenses of $11,320.

In addition, on February 7, 2023, the Agent received an aggregate of 306,880 options ("Agent Options"). Each such Agent Option entitles the holder to acquire one common share of the Company at an exercise price of $0.10 for a period of two years. The Agent Options were valued upon issuance at $19,005 using the Black-Scholes option pricing model based on the following assumptions: expected volatility of 120% based on the average volatility of comparable companies, expected life of two years, expected dividend yield of 0%, risk free rate of 3.96% and a share price of $0.10.

	Number of Agent Options issued #	Weighted average exercise price $	Weighted average remaining life (Years)
Balance as at March 31, 2022	-	-	-
Granted – Agents	306,880	0.10	1.61
Balance as at March 31, 2023 and June 30, 2023	**306,880**	**0.10**	**1.61**

Pursuant to CPC Policy 2.4, where the Agents receive an option or the right to subscribe for a certain number of shares as consideration for acting as Agents, 50% of the options exercised or 50% of the shares held pursuant to that right may be sold prior to completion of a Qualifying Transaction. The remaining 50% may only be sold after completion of a Qualifying Transaction.

(In Canadian dollars)

6. Accounts payable and accrued liabilities

The Company's accounts payable and accrued liabilities as at June 30, 2023 and March 31, 2023 consisted of the following:

	June 30, 2023	March 31, 2023
Accrued liabilities	$ **27,137**	$ 21,754
Accounts payable	**8,199**	67,231
Accounts payable and accrued liabilities	**$ 35,336**	$ 88,985

7. Net loss per share

The net loss per common share was based on the loss attributable to common shareholders and the weighted average number of common shares outstanding. The loss per share calculation does not include escrowed shares as they are contingently returnable.

Diluted loss per share does not include the effect of any share options or outstanding as they are anti-dilutive.

8. Related party transactions

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

For the three months ended June 30, 2023, Irwin Lowy, LLP, a law firm of which a director of the Company is a Partner, provided legal services totaling $4,505 (June 30, 2022 - $9,530). During the three months ended June 30, 2023, $4,505 was allocated to the proposed Qualifying Transaction. During the three months ended June 30, 2022, $6,329 related mainly to general corporate advice and the balance of $3,201 related mainly to the Offering.

As at June 30, 2023, $4,505 remained payable (March 31, 2023 - $61,631) and is included in accounts payable and accrued liabilities on the statement of financial position. The balance payable is unsecured, non-interest bearing and due on demand.

Refer also to Note 5 for details on seed shares issued to related parties.

9. Income taxes

The Company has approximately $138,000 of non-capital losses in Canada, which, under certain circumstances, can be used to reduce the taxable income of future years. These losses expire between 2042 and 2044.

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.

10. Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to ensure sufficient liquidity in order to continue operating as a CPC, and to complete a Qualifying Transaction so that it can provide adequate returns for shareholders. 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. The Company defines capital as total shareholders' equity. The Company is not subject to any externally imposed capital requirements, other than the cash restriction disclosed in Note 3. There were no significant changes in the Company's approach to capital management during the periods ended June 30, 2023 and March 31, 2023 aside from the cash restriction disclosed in Note 3.

11. Financial instruments and risk management

The Company's activities may expose it to a variety of financial risks: fair values, credit risk, liquidity risk and market risk (including interest rate risk). The Board of Directors provides regular guidance for overall risk management.

Fair values
As at June 30, 2023 and March 31, 2023, the Company's financial instruments consisted of cash held in trust, accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management's involvement in the operations allows for the identification of risks and variances from expectations. The Company does not participate in the use of financial instruments to mitigate these risks. The Board approves the risk management processes. The Board's main objectives for managing risks are to ensure liquidity, the fulfillment of obligations, the Company's search for a Qualifying Transaction, and the limitation of the Company's exposure to credit and market risks.

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company is exposed to credit risk through its cash balance which is held in trust at a legal firm. The Company believes its exposure to credit risk is not significant.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. None of the Company's financial instruments bear interest. Therefore, management believes the Company had no significant exposure to interest rate risk through its financial instruments as at June 30, 2023.

11. Financial instruments and risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in note 10, in normal circumstances. The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and have normal trade terms.