# Prestwick Capital Corporation Limited

**(a Capital Pool Corporation)**

**Condensed Interim Financial Statements**

**As at March 31, 2024 and December 31, 2023 and for the three months ended March 31, 2024 and 2023**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

## Prestwick Capital Corporation Limited

Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

| **As at** | **March 31, 2024** | **December 31, 2023** |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash | $ 520,906 | $ 525,797 |
| Prepaid expenses | 5,966 | 1,395 |
| | **$ 526,872** | **$ 527,192** |
| **Liability and Shareholders' Equity** | | |
| **Current liability** | | |
| Accounts payable | $ 27,634 | $ 9,500 |
| **Shareholders' equity** | | |
| Share capital (note 5) | 543,720 | 543,720 |
| Share based payment reserve | 115,238 | 115,238 |
| Deficit | (159,720) | (141,266) |
| | 499,238 | 517,692 |
| | **$ 526,872** | **$ 527,192** |

Approved on behalf of the board

*(signed) "Rufus Round"* Director

*(signed) "Gordon Chmilar"* Director

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

**Prestwick Capital Corporation Limited**

Condensed Interim Statements of Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

| | | For the three months ended March 31, 2024 | | For the three months ended March 31, 2023 |
|---|---|---|---|---|
| **Expenses** | | | | |
| Regulatory and filing fees | $ | 9,820 | $ | - |
| Professional fees | | 8,634 | | 808 |
| **Total expenses** | | **18,454** | | **808** |
| **Net and comprehensive loss** | **$** | **18,454** | **$** | **808** |
| **Basic and diluted loss per share (note 6)** | **$** | **0.01** | **$** | **-** |
| **Weighted average number of common shares (note 6)** | | **2,000,000** | | **9,050,100** |

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

# Prestwick Capital Corporation Limited

Condensed Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

**For the three months ended March 31, 2024**

| | Shares | Share Capital | Share Based Payment Reserve | Deficit | Total |
|---|---|---|---|---|---|
| **Balance, December 31, 2023** | **11,050,100** | **$ 543,720** | **$ 115,238** | **$ (141,266)** | **$ 517,692** |
| Net and comprehensive loss | | | | (18,454) | (18,454) |
| **Balance, March 31, 2024** | **11,050,100** | **$ 543,720** | **$ 115,238** | **$ (159,720)** | **$ 499,238** |

**For the three months ended March 31, 2023**

| | Shares | Share Capital | Share Based Payment Reserve | Deficit | Total |
|---|---|---|---|---|---|
| **Balance, December 31, 2022** | **9,050,100** | **$ 452,005** | **$ -** | **$ (6,004)** | **$ 446,001** |
| Net and comprehensive loss | | | | (808) | (808) |
| **Balance, March 31, 2023** | **9,050,100** | **$ 452,005** | **$ -** | **$ (6,812)** | **$ 445,193** |

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

# Prestwick Capital Corporation Limited

Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

| For the three months ended | March 31, 2024 | March 31, 2023 |
|---|---|---|
| **Operating activities** | | |
| Net and comprehensive loss | $ (18,454) | $ (808) |
| Change in non-cash working capital items | | |
| Prepaid expenses | (4,571) | |
| Accounts payable | 18,134 | 788 |
| | (4,891) | (20) |
| **Financing activity** | | |
| Deferred financing costs | - | (37,179) |
| Net change during the period | (4,891) | (37,199) |
| Cash, beginning of period | 525,797 | 437,784 |
| **Cash, end of period** | **$ 520,906** | **$ 400,585** |

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

## 1. Nature of operations

Prestwick Capital Corporation Limited (the "**Company**") was incorporated under the *Business Corporations Act* (Alberta) on June 4, 2021. The Company maintains its head office and registered office at 1250, 639 - 5th Avenue SW., Calgary, Alberta, T2P 0M9. The Company is a Capital Pool Company ("**CPC**") as defined pursuant to Policy 2.4 of The TSX Venture Exchange (the "**TSXV**").

As a CPC, the proceeds raised by the Company from the issuance of common shares may only be used to identify and evaluate businesses and assets for future investment, and reasonable expenses relating to the Company's initial public offering, general and administrative expenses not exceeding in aggregate $3,000 per month and relating to a proposed qualifying transaction. These restrictions apply until the completion of a Qualifying Transaction by the Company as defined under the policies of the TSXV.

The Company has not conducted commercial operations. The Company's continuing operations are dependent upon its ability to evaluate and negotiate an agreement to acquire an interest in a material asset or business. There is no assurance that the Company will be able to complete a Qualifying Transaction or that it will be able to secure the necessary financing to complete a Qualifying Transaction.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon its ability to obtain additional financing. Such an acquisition will be subject to regulatory approval and, if required, shareholder approval.

## 2. Functional and presentation currency

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

## 3. Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting and interpretations adopted by the International Accounting Standards Board (IASB). These condensed interim financial statements follow the same accounting policies and methods of application as those used in the Company's audited financial statements for the year end December 31, 2023.

The financial statements were approved by the Board of Directors on May 28, 2024.

## 4. Material accounting policies

### (a) Measurement uncertainty

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and

**4. Material accounting policies, continued**

disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the period.

The following is the financial statement item which is most impacted by estimation uncertainty and critical judgments in applying the accounting policies.

The Company recognizes deferred tax assets to the extent that it is probable that future taxable profits will be available to utilize the Company's deductible temporary differences which are based on management's judgement on the degree of future taxable profits. To the extent that future taxable profits differ significantly from the estimates impacts the amount of the deferred tax assets management judges is probable.

**(b) Financial instruments**

Recognition

The Company recognizes financial assets and financial liabilities when it becomes party to the contractual provisions of the instrument.

Classification

Financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The classification of subsequently measured at amortized cost is used when the objective of the business model is to hold assets and collect contractual cash flows, and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's cash is classified as a financial asset measured at fair value through profit and loss.

Financial liabilities are classified as subsequently measured at amortized cost unless they meet the criteria for measurement at fair value or other prescribed measurement.

The Company's accounts payable are classified as subsequently measured at amortized cost.

Measurement

Financial assets and financial liabilities classified as subsequently measured at amortized cost are initially measured at fair value plus or minus transaction costs that are directly attributable to the acquisition of the financial asset or issue of the financial liability. Subsequently the financial assets and liabilities are measured at amortized cost using the effective interest rate method.

## 4. Material accounting policies, continued

Impairment

Financial assets classified as subsequently measured at amortized cost or fair value through other comprehensive income reflect the Company's assessment of expected credit losses. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

### (c) Deferred financing costs

Financing costs incurred related to the Company's proposed financing are deferred. Deferred costs consist primarily of agent and professional fees. Costs will be charged to share capital upon the issuance of shares. In the event that the share issuance does not occur, the costs will be charged to income in the period.

### (d) Earnings per share

The Company presents basic and diluted earnings per share data for its common shares. Basic earnings per share is calculated by dividing earnings attributable to the equity shareholders by the weighted average number of common shares outstanding during the period. All of the shares held in escrow are considered contingently returnable until the Company completes a Qualifying Transaction and, accordingly, are not considered to be outstanding shares for purposes of the calculation. Diluted earnings per share are determined by adjusting the weighted average number of common shares for the dilutive effect of share based payments using the treasury stock method. Under this method, stock options, whose exercise price is less than the average market price of the Company's common shares, are assumed to be exercised and the proceeds used to repurchase common shares at the average market price for the period.

### (e) Income taxes

Income taxes are calculated using the liability method of tax allocation accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying value on the statement of financial position are used to calculate deferred income tax liabilities or assets. Deferred income tax liabilities or assets are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## 4. Material accounting policies, continued

### (f) Share based payments

Share based payments to employees are measured at the fair value of the equity instruments granted and amortized over the vesting period. Share based payments to non-employees are measured at the fair value of the good or service received or the fair value of the equity instruments issued if it is determined that the fair value of the good or service cannot be measured reliably, and are recorded at the date the good or service is received. The corresponding amount is recorded to an equity reserve. The Company estimates the fair value of options using the Black-Scholes option pricing model.

### (g) Accounting standards issued but not yet adopted

The new accounting standards and amendments to existing standards that have been issued and that the Company will be required to adopt in future years are either not applicable or are not expected to have a significant impact on the Company's financial statements.

## 5. Share capital

Authorized

Unlimited number of Common shares

Share issuance detail

On August 1, 2023 the Company completed its initial public offering ("IPO") and issued for cash consideration 2,000,000 shares, at a price of $0.10 per share, for total gross proceeds of $200,000.

Escrowed shares

Pursuant to an escrow agreement dated May 12, 2023 between the Company, Alliance Trust Company and certain shareholders of the Company 9,050,100 of the issued and outstanding common shares have been deposited in escrow. Upon the Company completing a Qualifying Transaction, the TSX Venture Exchange will issue a bulletin announcing the final acceptance, and 25% of the common shares held pursuant to the escrow agreement shall immediately be released. Every six months following the initial release an additional 25% will be released. These common shares are considered contingently returnable until the Company completes a Qualifying Transaction and, accordingly, are not considered to be outstanding shares for purposes of the calculation of loss per share.

Stock Options

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors may from time to time, in its discretion, and in accordance with requirements of applicable regulatory authorities, grant to directors, officers, employees and consultants to the Company, nontransferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. However, other than in connection with a Qualifying Transaction, during the time that the Company is a CPC, the aggregate number of common shares issuable upon exercise of all options

## 5. Share capital, continued

granted under the Option Plan shall not exceed 10% of the common shares of the Company issued and outstanding at the closing of the Company's initial public offering. Such options will be exercisable for a period of up to ten years from the date of grant.

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

Upon closing of its IPO, the Company granted incentive stock options to certain officers and directors to acquire, in aggregate, 1,105,000 common shares at a price of $0.10 per share, with an expiry date of August 1, 2033. All of the options are outstanding and exercisable as of March 31, 2024.

Warrants

In connection with the closing of its IPO, the Company granted the Agent non-transferable common share purchase warrants to purchase 200,000 common shares a price of $0.10 per common share, with an expiry date of August 1, 2028. All of the share purchase warrants are outstanding and exercisable as of March 31, 2024.

## 6. Loss per share

Basic loss per share amounts are calculated by dividing net loss for the period attributable to ordinary equity holders of the Company by the weighted average number of common shares outstanding during the period.

The following reflects the loss and unit data used in the basic and diluted loss per share computations:

| Three months ended | March 31, 2024 |
|---|---|
| Net loss available to common shareholders (numerator) | $ (18,454) |
| Effect of shares outstanding during the year | 11,050,100 |
| Effect of escrowed shares | (9,050,100) |
| Weighted average number of common shares | 2,000,000 |
| Loss per share (basic and diluted) | $ (0.01) |

| Three months ended | March 31, 2023 |
|---|---|
| Net loss available to common shareholders (numerator) | $ (808) |
| Weighted average number of common shares | 9,050,100 |
| Loss per share (basic and diluted) | $ (0.00) |

The Company has excluded potential common share equivalents, comprised of incremental shares from stock options calculated using the treasury method from the loss per share calculation, as they were anti-dilutive.

## 7. Related party transactions

A director and shareholder of the Company is a founder of the law firm Modern Finance Law. During the three months ended March 31, 2024, the Company incurred expenses of $6,668 (2023 - $nil) for professional services rendered by Modern Finance Law.

At March 31, 2024, $6,668 (December 31, 2023 - $nil) is payable to Modern Finance Law and is included in accounts payable.

## 8. Financial instruments

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

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. Accounts payable generally have contractual maturities of less than thirty days and are subject to normal trade terms.

## 9. Capital management

The Company defines capital as total equity which was $499,238 at March 31, 2024. The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets.

The Company does not have any externally imposed capital requirements to which it is subject other than the restriction on the use of cash as referred to in Note 1.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

## 10. Subsequent event

On May 13, 2024 the Company entered into a binding letter of intent (the “LOI”) with respect to a transaction (the “Transaction”) whereby the Company will obtain an option (the “Option”) to acquire from Champion Electric Metals Inc. (“Champion”) a 100% undivided interest in and to the mineral claims comprising the Baner gold project located in Idaho County, Idaho, USA (the “Baner Gold Project”). The Baner Gold Project is comprised of 215 unpatented lode claims covering approximately 4,520 acres (1,829 hectares). The Company intends the Transaction to constitute its Qualifying Transaction.

**10. Subsequent event, continued**

The LOI contemplates the negotiation and execution of a binding definitive option agreement (the "Option Agreement"), and to exercise the Option, the Company will be required to make cash payments and issue securities as follows:

1. The Company has paid Champion $25,000 upon execution of the LOI.
2. On completion of the Transaction, paying or issuing (as applicable) to Champion:
   a. $75,000;
   b. 1.1 million common shares of the Company; and
   c. warrants to purchase up to 200,000 common shares at $0.30 per share for two (2) years from the date of issuance.
3. Paying or issuing (as applicable) to Champion within 18 months from the completion of the Transaction ("Payment #1 Date"):
   a. $350,000;
   b. 200,000 common shares; and
   c. warrants to purchase up to 200,000 common shares at the last closing price for the common shares prior to the date of issuance, for two (2) years from the date of issuance.
4. Paying or issuing (as applicable) to Champion within 12 months from the Payment #1 Date:
   a. $500,000; and
   b. warrants to purchase up to 200,000 common shares at the last closing price for the common shares prior to the date of issuance, for two (2) years from the date of issuance.

Upon satisfaction of the payments and securities issuances above, the Option will be deemed to be exercised and a 100% undivided interest in the Baner Gold Project will be transferred to the Company, free and clear of all encumbrances, subject to a 1% net smelter return royalty (the "NSR") in favour of Champion. The Company may buy-back the NSR in consideration for payment of $7.5 million to Champion.

The Company intends to use its working capital and a concurrent financing to be completed in connection with the Transaction to make the cash payments required under the terms of the Option.

The completion of the Transaction is subject to a number of conditions, including the Company completing its confirmatory due diligence in respect of the Baner Gold Project, execution of the Option Agreement (by no later than July 12, 2024), TSXV approval, obtaining all necessary third party consents and the Baner Gold Project satisfying the TSXV's Initial Listing Requirements for a Mining Issuer (pursuant to Policy 2.1 – Initial Listing Requirements of the Exchange), including, without limitation, the public float requirements.