Chicane Capital II Corp.
(A Capital Pool Company)

Unaudited Condensed Interim Financial Statements

For the three-and six-month periods ended July 31, 2024 and 2023

(In Canadian Dollars)

Notice of No Auditor Review of the Interim Financial Statements

The accompanying unaudited condensed interim financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review of these financial statements in accordance with standards established by the CPA Canada for a review of interim financial statements by an entity's auditor.

Chicane Capital II Corp.
Unaudited Condensed Interim Statements of Financial Position
As at July 31, 2024 and January 31, 2024
(in Canadian Dollars)

		July 31, 2024		January 31, 2024
Assets				
Cash	$	**266,093**	**$**	**127,500**
Deferred financing costs		**-**		**12,500**
	$	**266,093**	**$**	**140,000**
Liabilities				
Accounts payable and accrued liabilities	$	**85,723**	**$**	**55,189**
Shareholders' Equity				
Share capital (Note 3)	$	**242,711**	**$**	**97,811**
Contributed surplus		**38,013**		**-**
Accumulated Deficit		**(100,354)**		**(13,000)**
		180,370		**84,811**
	$	**266,093**		**140,000**

Approved by the Board **Paul Brown** Director **(Signed)** **John Travaglini** Director **(Signed)**

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

Chicane Capital II Corp.
Unaudited Condensed Interim Statements of Loss and Comprehensive Loss
For the three-and six-months period ended July 31, 2024
(in Canadian Dollars)

		Three-month period ended July 31, 2024		Three-month period ended July 31, 2023		Six-month period ended July 31, 2024		Six-month period ended July 31, 2023
Expenses								
Professional fees		**3,383**		-		**53,261**		-
Share-based payments (Note 3)		**20,444**		-		**20,444**		-
Filing fees		**14,969**		-		**14,969**		-
General & Administrative		**18**		-		**18**		-
Loss before other income		**(38,814)**		-		**(88,692)**		-
Other income	**$**	**1,338**	$	-	**$**	**1,338**	$	-
Net loss and comprehensive loss	**$**	**(37,476)**	$	-	**$**	**(87,354)**	$	-
Net loss per share (basic and diluted)	**$**	**(0.03)**	$	-	**$**	**(0.04)**	$	-
Weighted average number of shares outstanding (basic and diluted)		**1,249,717**		-		**2,156,635**		-

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

Chicane Capital II Corp.
Unaudited Condensed Interim Statements of Changes in Cash Flows
For the six-month period ended July 31, 2024
(in Canadian Dollars)

		July 31, 2024
Cash flows from operating activities		
Net loss for the period	$	(87,354)
Share-based payments		38,013
Changes in working capital		
Deferred financing charges		12,500
Accounts payable and accrued liabilities		30,534
Net cash used in operating activities		(6,307)
Cash flows from financing activities		
Share subscription, net of issuance costs		144,900
Net cash provided by financing activities		144,900
Net change in cash		138,593
Cash, beginning of period		127,500
Cash, ending of period	$	266,093

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

Chicane Capital II Corp.
Unaudited Condensed Interim Statements of Changes in Shareholders' Equity
For the six-month period ended July 31, 2024
(in Canadian Dollars)

	Number of Shares		Share Capital		Contributed Surplus		Accumulated Deficit		Shareholders' Equity
Balance, January 31, 2024	2,800,000	$	97,811	$	-	$	(13,000)	$	84,811
Common shares issued (Note 3)	2,194,000		219,400		-		-		219,400
Issuance costs (cash)	-		(56,931)		-		-		(56,931)
Issuance costs (agent warrants)	-		(17,569)		17,569		-		-
Share-based payments	-		-		20,444		-		20,444
Net loss for the period	-		-		-		(87,354)		(87,354)
Balance, July 31, 2024	**4,994,000**	**$**	**242,711**	**$**	**38,013**	**$**	**(100,354)**	**$**	**180,370**

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

1. INCORPORATION AND NATURE OF BUSINESS

Chicane Capital II Corp. (the "Corporation") was incorporated under the *Business Corporations Act* (Ontario) on September 18, 2023, and is as a Capital Pool Company as defined in the Policy 2.4 (the “Policy”) of the TSX Venture Exchange (the “Exchange”) Finance Manual. The principal business of the Corporation will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT") as defined in the Policy. The Corporation has not commenced commercial operations and has no assets other than cash held in trust. Given the nature of the activities, no separate segmented information is reported. The Corporation’s continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders’ approval.

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 used for reasonable general and administrative expenses of the Corporation. These restrictions apply until completion of a QT.

The head office and the registered head office of the Corporation is located at 100 King Street West, Suite 3400, 1 First Canadian Place, Toronto, ON M5X 1A4.

On August 16, 2024, the Board of Directors approved the unaudited condensed interim financial statements for the three-and six-months period ended July 31, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

These unaudited interim condensed financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

Basis of Presentation

These unaudited condensed interim financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets, and financial liabilities.

These unaudited condensed interim financial statements are presented in Canadian dollars, which is the Corporation’s functional and presentation currency. The accounting policies applied by the Corporation in these Unaudited Condensed Interim Financial Statements are the same as those applied by the Corporation in the audited financial statements for the period from the date of incorporation (September 18, 2023) to January 31, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION- continued

Financial Instruments

Recognition

The Corporation recognizes financial assets and financial liabilities on the date of the Corporation becomes a party to the contractual provisions to the instruments.

Classification

The Corporation 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 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). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

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

The Corporation has implemented the following classifications:

(a) Cash and cash equivalents are classified as assets at fair value and any period change in fair value is recorded in profit or loss.

(b) Accounts payable and accrued liabilities are classified as other financial liabilities and measured at amortized cost using the effective interest rate method.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss (FVTPL) are expensed in profit or loss.

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 or principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments 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 (irrevocable election at the time of recognition).

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

2. MATERIAL ACCOUNTING POLICY INFORMATION- continued

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts. Cash held in trust is a level 1 financial instrument measured at fair value on the statement of financial position.

Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Corporation intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognized to the extent that future recovery is probably. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probably that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Estimates

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

(in Canadian Dollars)

2. MATERIAL ACCOUNTING POLICY INFORMATION- continued

The preparation of consolidated financial statements in conformity with IFRS accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates used in the consolidated financial statements.

Basic and Diluted Loss per Share

Basic loss per share is computed by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted. The effects of anti-dilutive potential instruments are ignored in calculating diluted earnings per share. All options are considered anti-dilutive when the Corporation is in a loss position.

Share-based Compensation

Equity-settled share-based payments for directors, officers, employees, and consultants are measured at fair value at the date of grant and recorded as compensation expense in the financial statements with a corresponding credit to reserves. Share options are measured at the fair value of each tranche on the grant date using the Black-Scholes option pricing model and are recognized in their respective vesting period using the Corporation’s expected forfeiture rate. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share-based payments is credited to share capital together with the fair value previously recorded in reserves. Shares are issued from treasury upon the exercise of equity-settled share-based instruments.

3. SHARE CAPITAL

Authorized - Unlimited common shares issued

	#	$
Balance, January 31, 2024 (i)	2,800,000	97,811
2,194,000 common shares (ii)	2,194,000	219,400
Issuance cost (cash)	-	(56,931)
Issuance cost (warrants)	-	(17,569)
Balance, July 31, 2024	**4,994,000**	**242,711**

(i) Escrowed Shares

During the period from the date of incorporation (September 18, 2023) to January 31, 2024, the Corporation issued 2,800,000 common shares at $0.05 per share, which are held in escrow pursuant to the requirements of the Exchange. Share issuance costs of $42,189 were associated with these issuances.

All common shares issued on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction, must also be deposited in escrow until the final exchange bulletin is issued. As a result, the escrow shares have not been contemplated in the weighted average shares outstanding calculation.

(in Canadian Dollars)

3. SHARE CAPITAL (continued)

All common shares of the Corporation 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 in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be subject to escrow.

(ii) Initial Public Offering

On May 27, 2024, the Corporation completed its IPO of 2,194,000 Common Shares at $0.10 per share ($219,400). The Corporation paid a commission of 10% of the gross proceeds of the IPO to Haywood Securities Inc. (the "Agent") and granted the Agent warrants to acquire 10% of the Common Shares issued in the IPO exercisable for a period ending sixty months from the closing of the IPO, exercisable at $0.10 per share. The Corporation also paid a corporate finance fee and reimbursed the Agent for legal fees and other reasonable expenses incurred pursuant to the IPO. Cash issuance costs of $56,931 were associated with these issuances and the value attributed to warrants granted to the Agent is $17,569.

Options

The Corporation has established a stock option plan for its directors, officers and consultants under which the Corporation may grant options from time to time to acquire, following completion of the IPO, a maximum of 10% of the issued and outstanding Common Shares. The exercise price of each option granted under the plan shall be determined by the Board of Directors.

Options may be granted for a maximum term of ten years from the date of the grant. They are non-transferable and are exercisable as determined by the Board of Directors when the option is granted. Options expire within 90 days of termination of employment or holding office as director or officer of the Corporation (other than in connection with the completion of the QT – in which case 1 year) and, in the case of death, expire within a maximum period of one year after such death, subject to the expiry date of the option.

Any options granted, and any shares issued upon exercise of options, prior to the Corporation's completion of a QT will be subject to escrow restrictions. In addition to the foregoing, any options with an exercise price less than the offering price per Common Share in the IPO will be subject to the same escrow release schedule as the Common Shares issued for a price less than the offering price per Common Share in the IPO.

The following table reflects the continuity of stock options:

	Number of Stock Options	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price ($)
Balance, January 31, 2024	**-**	**-**	**-**
Granted to directors and officers (i)	219,400	9.83	0.10
Balance, July 31, 2024	**219,400**	**9.83**	**0.10**

(in Canadian Dollars)

3. SHARE CAPITAL (continued)

(i) On May 27, 2024, the Corporation granted 219,400 stock options to directors and officers, which are exercisable within ten years from the date of grant at an exercise price of $0.10 per share. These options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, discount rate of 3.62%, expected volatility of 110% and an expected life of ten years. The value attributed to these options was $20,444.

On May 27, 2024, the Corporation granted 219,400 warrants to the Agent (and other members of the syndicate), which are exercisable for a period ending on the earlier of the date which is a) five years from the closing date and b) 3 years following the completion of the Corporation's qualifying transaction at an exercise price of $0.10 per share. These warrants were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, discount rate 3.71%, expected volatility of 110% and an expected life of five years. The value attributed to these warrants was $17,569.

The following table reflects the actual warrants outstanding as of July 31, 2024:

Expiry Date	Exercise Price	Weighted Average Remaining Contractual Life (Years)	Number of Warrants Outstanding	Number of Warrants Vested (Exercisable)
May 27, 2029	$0.10	4.82	219,400	219,400

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital Management

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Corporation includes equity, comprised of share capital, contributed surplus and accumulated deficit in the definition of capital.

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

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 used for reasonable general and administrative expenses of the Corporation. These restrictions apply until completion of a QT by the Corporation as defined under the policies of the Policy.

Risk Disclosures and Fair Values

The Corporation's financial instruments carried at amortized cost consist of accounts payable and accrued liabilities which approximate fair value due to the relatively short-term maturity of the instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

5. RELATED PARTY TRANSACTIONS

The Corporation incurred no related party transactions for the three-and six-month period ended July 31, 2024.