# Chicane Capital II Corp.

**(A Capital Pool Company)**

**Financial Statements**

**For the year ended January 31, 2025 and for the period from September 18, 2023 (date of incorporation) to January 31, 2024**

**(In Canadian Dollars)**

# Independent Auditor's Report

To the Shareholders of Chicane Capital II Corp.:

## Opinion

We have audited the financial statements of Chicane Capital II Corp. (the "Corporation"), which comprise the statements of financial position as at January 31, 2025 and 2024 and the statements of loss and comprehensive loss, changes in shareholder's equity and cash flows for the year ended January 31, 2025, and the period from September 18, 2023 (date of incorporation) to January 31, 2024, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at January 31, 2025 and its financial performance and its cash flows for the year ended January 31, 2025, and the period from September 18, 2023 (date of incorporation) to January 31, 2024 in accordance with IFRS® Accounting Standards.

## Basis for Opinion

We conducted our audits 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 Corporation in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and 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 judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

## 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 audits 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 audits 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 on this other information, 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.

**MNP LLP**
1 Adelaide Street East, Suite 1900, Toronto ON, M5C 2V9 1.877.251.2922 T: 416.596.1711 F: 416.596.7894

## 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 the 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 judgment 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 risk 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 Corporation'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 Corporation'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 Corporation 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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.

The engagement partner on the audit resulting in this independent auditor's report is Robert James Ripley.

MNP LLP

Toronto, Ontario
April 11, 2025

Chartered Professional Accountants
Licensed Public Accountants

**Chicane Capital II Corp.**
**Statements of Financial Position**
**As at January 31, 2025 and 2024**
(in Canadian Dollars)

| | | January 31, 2025 | | January 31, 2024 |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and cash equivalents | $ | **199,705** | $ | 127,500 |
| Deferred financing costs | | **-** | | 12,500 |
| | $ | **199,705** | $ | 140,000 |
| **Liabilities** | | | | |
| Accounts payable and accrued liabilities | $ | **16,695** | $ | 55,189 |
| **Shareholders' Equity** | | | | |
| Share capital (Note 3) | $ | **229,092** | $ | 97,811 |
| Contributed surplus | | **33,826** | | - |
| Accumulated Deficit | | **(79,908)** | | (13,000) |
| | | **183,010** | | 84,811 |
| | $ | **199,705** | $ | 140,000 |

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

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

**Chicane Capital II Corp.**
**Statements of Loss and Comprehensive Loss**
**For the years ended January 31, 2025 and for the period from September 18, 2023 (date of incorporation) to January 31, 2024**
(in Canadian Dollars)

| | | January 31, 2025 | | For the period from September 18, 2023 (date of incorporation) to January 31, 2024 |
|---|---|---|---|---|
| **Expenses** | | | | |
| Professional fees | $ | **36,466** | $ | 13,000 |
| Share-based payments (Note 3) | | **19,858** | | - |
| Filing fees | | **15,172** | | - |
| General & Administrative | | **55** | | - |
| Loss before other income | | **72,137** | | 13,000 |
| Other income | **$** | **4,643** | $ | - |
| Net loss and comprehensive loss | **$** | **(66,908)** | $ | (13,000) |
| Net loss per share (basic and diluted) | **$** | **(0.04)** | $ | (0.05) |
| Weighted average number of shares outstanding (basic and diluted) | | **1,492,639** | | 247,059 |

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

**Chicane Capital II Corp.**
**Statements of Changes in Shareholders' Equity**
**For the year ended January 31, 2025 and for the period from September 18, 2023 (date of incorporation) to January 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) Note 3 | - | (74,151) | - | - | (74,151) |
| Issuance costs (agent warrants) Note 3 | - | (13,968) | 13,968 | - | - |
| Share-based payments | - | - | 19,858 | - | 19,858 |
| Net loss for the year | - | - | - | (66,908) | (66,908) |
| **Balance, January 31, 2025** | **4,994,000** | **$ 229,092** | **$ 33,826** | **$ (79,908)** | **$ 183,010** |

| | Number of Shares | Share Capital | Contributed Surplus | Accumulated Deficit | Shareholders' Equity |
|---|---|---|---|---|---|
| Balance, September 18, 2023 | - | $ - | $ - | $ - | $ - |
| Common shares issued (Note 3) | 2,800,000 | 140,000 | - | - | 140,000 |
| Issuance costs (cash) | - | (42,189) | - | - | (42,189) |
| Net loss for the year | - | - | - | (13,000) | (13,000) |
| **Balance, January 31, 2024** | **2,800,000** | **$ 97,811** | **$ -** | **$ (13,000)** | **$ 84,811** |

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

**Chicane Capital II Corp.**
**Statements of Changes in Cash Flows**
**For the year ended January 31, 2025 and for the period from September 18, 2023 (date of incorporation) to January 31, 2024**
(in Canadian Dollars)

| | January 31, 2025 | September 18, 2023 (date of incorporation) to January 31, 2024 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net loss for the period | **$ (66,908)** | $ (13,000) |
| Share-based payments | **19,858** | - |
| Changes in working capital | | |
| Accounts payable and accrued liabilities | **(38,494)** | 55,189 |
| **Net cash used in operating activities** | **(85,544)** | 42,189 |
| **Cash flows from financing activities** | | |
| Common shares issued, net of issuance costs | **145,249** | 97,811 |
| Change in deferred financing activities | **12,500** | (12,500) |
| **Net cash provided by financing activities** | **157,749** | 85,311 |
| **Net change in cash** | **72,205** | $ 127,500 |
| **Cash and cash equivalents, beginning of year** | **127,500** | - |
| **Cash and cash equivalents, ending of year** | **$ 199,705** | $ 127,500 |

*The accompanying notes are an integral part of these audited 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 and cash equivalents. 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 April 11, 2025, the Board of Directors approved the financial statements for the year ended January 31, 2025 and for the period from September 18, 2023 (date of incorporation) to January 31, 2024.

## 2. MATERIAL ACCOUNTING POLICY INFORMATION

### Statement of Compliance

These financial statements have been prepared in accordance with the IFRS® Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and IFRIC® Interpretations by IFRS Interpretations Committee (the "Committee").

### Basis of Presentation

These financial statements are presented in Canadian dollars ("CAD"), which is the Corporation's functional and presentation currency. The financial statements are prepared on a historical cost basis except for certain financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

## 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 (loss) (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.

Cash and cash equivalents consists of cash held at a Canadian Chartered Bank and short-term Government of Canada treasury bill with maturities of no more than 90 days.

**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 liabilities are not recognized if they arise form initial recognition of goodwill. Deferred tax assets and liabilities are recognized whether the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill, temporary differences arising from investments in subsidiaries that are not expected to reverse in the foreseeable future and the initial recognition of assets or liabilities that affect neither accounting nor taxable loss which at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

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.

## 2. MATERIAL ACCOUNTING POLICY INFORMATION- continued

### 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.

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) (ii) | - | (74,151) |
| Issuance cost (warrants) (ii) | - | (13,968) |
| **Balance, January 31, 2025** | **4,994,000** | **229,092** |

## 3. SHARE CAPITAL (continued)

### (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.

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 ("IPO")

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 the lesser of sixty months from the closing of the IPO or thirty-six months from the date the common shares of the resulting issuer commences trading on the exchange, 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 $74,151 were associated with these issuances and the value attributed to warrants granted to the Agent is $13,968.

On May 27, 2024, the Corporation granted 219,400 warrants to the Agent, 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 4.12%, expected volatility of 100% and an expected life of three years. The value attributed to these warrants was $13,968

The following table reflects the continuity of warrants outstanding as of January 31, 2025:

| | Number of Warrants | Weighted Average Remaining Contractual Life (Years) | Weighted Average Exercise Price ($) |
|---|---|---|---|
| **Balance, January 31, 2024** | **-** | **-** | **-** |
| Granted | 219,400 | 4.32 | 0.10 |
| **Balance, January 31, 2025** | **219,400** | **4.32** | **0.10** |

## 3. SHARE CAPITAL (continued)

### (iii) 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 immediately except vested options which expire after the 30th day 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 | 219,400 | 9.33 | 0.10 |
| **Balance, January 31, 2025** | **219,400** | **9.33** | **0.10** |

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 100% and an expected life of ten years. The value attributed to these options was $19,858 and has been recorded as share-based payment expense (period from September 18, 2023 (date of incorporation) to January 31, 2024 - $nil).

## 4. LOSS PER SHARE

The basic and fully diluted loss per share has been calculated using the weighted average number of common shares outstanding for the year ended January 31, 2025 and period from September 18, 2023 (date of incorporation) to January 31, 2024:

| | January 31, 2025 | January 31, 2024 |
|---|---|---|
| **Net Loss** | **$66,908** | $13,000 |
| The weighted average number of common shares outstanding | **1,492,639** | 247,059 |
| **Basic and diluted loss per share** | **($0.04)** | ($0.05) |

## 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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.

### Credit risk

The Corporation's financial assets are cash and cash equivalents. Cash and cash equivalents is cash held by the trustee at a Canadian chartered bank and government treasury bills. As of January 31, 2025, the Corporation's maximum exposure to credit risk is the carrying value of its financial assets.

### Liquidity risk

The Corporation's approach to managing its liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As of January 31, 2025, the Corporation had a cash balance held in trust and government treasury bills of $199,705. The Corporation's ability to continue to meet its liabilities when due, beyond the current cash balance, is dependent on future support of shareholders through public or private equity offerings.

### 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.

## 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### 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, or currency risks arising from these financial instruments. The Corporation holds $179,612 cash equivalents in Government treasury bills no more than 30 days.

## 6. RELATED PARTY TRANSACTIONS

For the year ended January 31, 2025, key management personnel and the Board of directors received $19,858 of stock-based payments. For the period from September 18, 2023 (date of incorporation) to January 31, 2024 $Nil was recognized.

## 7. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2024- 26.5%) to the effective tax rate is as follows:

| | 2025 | 2024 |
|---|---|---|
| Net (loss) before recovery of income tax | $(66,908) | $(13,000) |
| Expected income tax (recovery) | (17,731) | (3,445) |
| Non deductible expenses | 11,001 | - |
| Share issue cost booked to equity | (19,650) | (11,180) |
| Change in tax benefits not recognized | 26,380 | 14,625 |
| Income tax expense (recovery) | - | - |

### Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

| | 2025 | 2024 |
|---|---|---|
| Share issuance costs | **$89,928** | $33,751 |
| Non-capital losses carried forward | **$64,808** | $21,438 |
| | **$154,736** | $55,189 |

The Canadian operating tax loss carry forwards expire as noted in the table below. Share issue costs will be fully amortized by 2027.

## 7. INCOME TAXES (continued)

### Unrecognized deferred tax assets (continued)

The Corporations Canadian operating tax losses expire as follows:

| | |
|---|---|
| 2042 | **-** |
| 2043 | **-** |
| 2044 | **$16,144** |
| 2045 | **$48,664** |
| | **$ 64,808** |

## 8. SUPPLEMENTARY CASHFLOW INFORMATION

Significant non-cash transactions from financing activities for the year ended January 31, 2025 and period from September 18, 2023 (date of incorporation) to January 31, 2024:

| | **January 31, 2025** | **January 31, 2024** |
|---|---|---|
| Issuance costs (agent warrants) Note 3 | **$**13,968 | $nil |