Fraser Big Sky Capital Corp.
(a capital pool company)

Financial Statements

For the Year Ended July 31, 2025 and Period from October 11, 2023 (Date of Incorporation) to July 31, 2024
(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Fraser Big Sky Capital Corp.:

Opinion

We have audited the financial statements of Fraser Big Sky Capital Corp. (the "Company"), which comprise the statement of financial position as at July 31, 2025, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit 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 Company in accordance with the ethical requirements that are relevant to our audit 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company had an accumulated deficit as at July 31, 2025 and net loss for the year ended July 31, 2025. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Matter

The financial statement for the year ended July 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on August 28, 2024.

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 audit 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 audit 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.

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 as issued by the International Accounting Standards Board, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Brent Wolfe.

Vancouver, British Columbia

November 28, 2025

MNP LLP

Chartered Professional Accountants

Fraser Big Sky Capital Corp.
Statements of Financial Position
As at July 31, 2025 and 2024
(Expressed in Canadian dollars)

	2025	2024
	$	$
Assets		
Current		
Cash	159,114	68,981
Prepaid expenses (Note 4)	6,978	31,000
Total assets	**166,092**	**99,981**
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 7)	27,095	9,000
Shareholders' equity		
Share capital (Note 5)	274,486	100,005
Contributed surplus (Note 5)	49,504	-
Accumulated deficit	(184,993)	(9,024)
	138,997	90,981
Total liabilities and shareholders' equity	**166,092**	**99,981**

Nature of operations and going concern – Note 1

APPROVED BY THE DIRECTORS

"Stephen Wall" Director   *"Killian Ruby"* Director

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

Fraser Big Sky Capital Corp.
Statements of Loss and Comprehensive Loss
For the Year Ended July 31, 2025 and Period from October 11, 2023 (Date of Incorporation) to July 31, 2024
(Expressed in Canadian dollars except share amounts)

	2025	2024
	$	$
Expenses		
Consulting fees	7,875	-
Office and miscellaneous	16,353	24
Professional fees (Note 7)	84,365	9,000
Share-based compensation (Note 5 and 7)	35,243	-
Transfer agent, filing and listing fees (Note 5)	32,133	-
Net loss and comprehensive loss for the period	(175,969)	(9,024)
Loss per share		
Basic and diluted	(0.06)	(0.05)
Weighted average number of shares outstanding		
Basic and diluted	3,150,716	185,873

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

Fraser Big Sky Capital Corp.
Statements of Cash Flows
For the Year Ended July 31, 2025 and Period from October 11, 2023 (Date of Incorporation) to July 31, 2024
(Expressed in Canadian dollars)

	2025	2024
	$	$
Cash (used in) provided by:		
Operating activities		
Loss for the period	(175,969)	(9,024)
Non-cash item:		
Share-based compensation	35,243	-
Change in non-cash working capital items:		
Prepaid expenses	24,022	(31,000)
Accounts payable and accrued liabilities	18,095	9,000
Net cash used in operating activities	(98,609)	(31,024)
Financing activities		
Proceeds from Initial Public Offering (Note 5)	267,500	-
Shares issued for cash (Note 5)	-	100,005
Share issuance costs paid (Note 5)	(78,758)	-
Net cash provided by financing activities	188,742	100,005
Increase in cash	90,133	68,981
Cash - beginning of period	68,981	-
Cash - end of period	159,114	68,981
Non-cash financing activity		
Agent warrants issued	14,261	-

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

Fraser Big Sky Capital Corp

Statements of Changes in Shareholders' Equity

For the Year Ended July 31, 2025 and Period from October 11, 2023 (Date of Incorporation) to July 31, 2024

(Expressed in Canadian dollars except share amounts)

	Number of common shares	Share capital	Contributed Surplus	Accumulated deficit	Total Shareholders' Equity
	#	$	$	$	$
Balance, October 11, 2023	-	-	-	-	-
Share issued for cash on incorporation (Note 5)	1	-	-	-	-
Cancellation of incorporation share (Note 5)	(1)	-	-	-	-
Shares issued for cash (Note 5)	2,000,100	100,005	-	-	100,005
Net loss for the period	-	-	-	(9,024)	(9,024)
Balance, July 31, 2024	2,000,100	100,005	-	(9,024)	90,981
Proceeds from Initial Public Offering (Note 5)	2,675,000	267,500	-	-	267,500
Share issuance costs - cash (Note 5)	-	(78,758)	-	-	(78,758)
Share issuance costs – agent warrants (Note 5)	-	(14,261)	14,261	-	-
Share-based compensation (Note 5)	-	-	35,243	-	35,243
Net loss for the year	-	-	-	(175,969)	(175,969)
Balance, July 31, 2025	4,675,100	274,486	49,504	(184,993)	138,997

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

1. Nature of operations and going concern

Fraser Big Sky Capital Corp. (the "Company") was incorporated pursuant to the provisions of the Business Corporations Act of British Columbia on October 11, 2023. The Company was formed for the primary purpose of completing an Initial Public Offering ("IPO") on the TSX Venture Exchange ("TSXV") as a Capital Pool Company ("CPC") as defined by TSXV Policy 2.4 ("Policy 2.4"). The Company's objective is to complete a Qualifying Transaction ("QT") as defined under Policy 2.4 by identifying and evaluating potential business acquisitions and to subsequently negotiate acquisition or participation agreements subject to regulatory and shareholder approvals. On February 25, 2025, the Company completed its IPO and was listed on the TSXV.

The Company's corporate office is located at 6th Floor - 905 West Pender Street, Vancouver, BC V6C 1L6.

As a CPC, the Company is subject to certain cash restrictions. 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 Company. These restrictions apply until completion of a QT by the Company as defined under Policy 2.4.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at July 31, 2025, the Company had an accumulated deficit of $184,993 (July 31, 2024 - $9,024) and working capital of $138,997 (July 31, 2024 - $90,981). Furthermore, the Company incurred a net loss of $175,969 (2024 - $9,024) for the year ended July 31, 2025. The Company estimates it has sufficient funds to continue operations for the next 12 months. The Company has not generated any revenue since incorporation and its ability to continue as a going concern is dependent on its ability to obtain necessary financing to meet its corporate expenditures and discharge its liabilities in the normal course of business. Although the Company has been successful in obtaining financing in the past, there can be no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These factors give rise to material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Should the Company be unable to continue as a going concern, asset realization values may be substantially different from their carrying values. These financial statements do not give effect to adjustments that would be necessary to carrying values, and classification of assets and liabilities should the Company be unable to continue as going concern. Such adjustments could be material.

2. Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with IFRS® Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), effective for the Company's reporting for the year ended July 31, 2025.

These financial statements were approved and authorized for issue by the Board of Directors on November 28, 2025.

Basis of measurement and functional currency

These financial statements have been prepared on a historical cost basis. In addition, the financial statements have been prepared using the accrual basis of accounting except for cash flow disclosure. These financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

3. Summary of material accounting policies

These financial statements have been prepared using the following material accounting policies:

Financial instruments

a) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial instruments at initial recognition.

The classification of financial assets is driven by the Company's business model for managing the financial asset and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

b) Measurement

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost using the effective interest method less any impairment. Cash, accounts payable and accrued liabilities are measured at amortized cost.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in income (loss).

c) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

d) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of loss and comprehensive loss.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of loss and comprehensive loss.

Cash

Cash includes cash on hand readily convertible into a known amount of cash and can be redeemed at any time without penalties, and amounts held in trust.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity. Transaction costs related to shares not yet issued are recorded as deferred financing costs.

Share-based compensation

The fair value of share-based compensation awards is determined at the grant date using the Black-Scholes option pricing model. The fair value of the award is charged to the statements of loss and comprehensive loss (unless they are share issuance costs in which case they are booked as a reduction to share capital) and credited to contributed surplus ratably over the vesting period, after adjusting for the number of awards that are expected to vest. The expense for forfeited awards previously recognized are reversed. For awards that are cancelled, any expense not yet recognized is recognized immediately in the statements of loss and comprehensive loss. Where the terms of an equity-settled award are modified, as a minimum an expense recognized for any modification which increases the total fair value of the share-based payment arrangement as measured at the date of modification, over the remainder of the vesting period.

Income taxes

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

Current income taxes are the expected taxes payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to taxes payable in respect of previous years.

The Company accounts for potential future net tax assets which are attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and which are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. When the future realization of income tax assets does not meet the test of being more likely than not to occur, no net asset is recognized. No potential income tax assets of the Company have been recognized.

Loss per share

Basic loss per share is calculated by dividing the loss for the period available to common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. The Company uses the treasury stock method of calculating fully diluted loss per share amounts, whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Critical judgment in applying accounting policies

The critical judgment that the Company’s management has made in the process of applying the Company’s accounting policies with the most significant effect on the amounts recognized in the Company’s financial statements is as follows:

a) Going concern

Management has applied judgment in the assessment of the Company’s ability to continue as a going concern when preparing its financial statements for the year ended July 31, 2025. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. In preparing these financial statements on a going concern basis, as is disclosed in Note 1 of these financial statements, Management’s critical judgment is that the Company will be able to meet its obligations and continue its operations for the next twelve months.

Key sources of estimation uncertainty

The preparation of financial statements requires that the Company’s management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company’s assets and liabilities at the end of the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Actual future outcomes could differ from present estimates and assumptions, potentially having material future effects on the Company’s financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company’s assets and liabilities are accounted for prospectively.

(Expressed in Canadian dollars)

The material assumptions about the future and other major sources of estimation uncertainty as at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of the Company's assets and liabilities are as follows:

a) Deferred income taxes
Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates at the reporting date in effect for the period in which the temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized as part of the provision for income taxes in the period that includes the enactment date. The recognition of deferred income tax assets is based on the assumption that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

b) Share-based compensation
Management uses the Black-Scholes option pricing model to determine the fair value of employee stock options. This model requires assumptions of the expected future price volatility of the Company's common shares, expected life of the options, future risk-free interest rates and the dividend yield of the Company's common shares. Expected annual volatility was estimated by using the historical data of comparable companies.

Accounting standards issued but not yet applied.

IFRS 18 Presentation and Disclosure in Financial Statements

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

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

This new standard is effective for reporting periods beginning on or after January 1, 2027. The Company is currently in the process of assessing its impact on future financial statements.

The Company has performed an assessment of new standards issued by the IASB that are not yet effective and has determined that any other standards that have been issued would have no or very minimal impact on the Company's financial statements.

4. Prepaid expenses

	July 31, 2025	**July 31, 2024**
	$	**$**
Agent fees	-	31,000
Other prepayments	6,978	-
Total prepaid expenses	6,978	31,000

5. Share capital

a) Authorized: Unlimited common shares without par value.

b) Shares issued

During the year ended July 31, 2025, the following common share issuance occurred:

- On February 25, 2025, the Company completed its IPO through the issuance of 2,675,000 common shares of the Company at a price of $0.10 per share for gross proceeds of $267,500. In connection with the IPO, the Company entered into an agency agreement with Research Capital Corporation (the "Agent"). The Company paid an aggregate of $78,758 in cash share issuance costs which includes cash commissions, corporate finance fee, legal and other expenses incurred by the Agent. In addition, the Company issued 267,500 non-transferable share purchase warrants (the "Agent Warrants"). Each Agent Warrant is exercisable into one common share of the Company at a price of $0.10 per share and expires on February 25, 2027. The Agent Warrants were fair valued at $14,261 using the Black-Scholes option pricing model with the following assumptions – risk free rate – 2.64%; expected dividend rate – 0%; expected life – 2 years; expected annual volatility – 100%; and expected forfeiture rate – 0%. In connection with the Company's listing on the TSXV, the Company incurred listing fees of $15,750, included in transfer agent, filing and listing fees on the statements of loss and comprehensive loss.

During the period ended July 31, 2024, the following common share issuances occurred:

- On October 11, 2023, the Company issued and subsequently cancelled one common share for $0.01.
- On October 11, 2023, the Company issued 100 common shares at $0.05 per share for gross proceeds of $5.
- On June 28, 2024, the Company issued 2,000,000 common shares at $0.05 per share for gross proceeds of $100,000.

c) Escrowed shares and options

On December 13, 2024, the Company entered into an escrow agreement (the "Escrow Agreement") in accordance with Policy 2.4 with certain shareholders and 2,000,100 common shares were placed in escrow. Subject to Policy 2.4, the escrowed common shares will be released from escrow as follows: 25% on the issuance of the Final Exchange Bulletin (as defined in Policy 2.4) (the "Initial Release") and an additional 25% will be released on each of the dates which are 6 months, 12 months and 18 months following the Initial Release.

On February 25, 2025, the Company granted an aggregate of 467,509 stock options to officers and directors of the Company. The 467,509 stock options were placed in escrow.

As at July 31, 2025, 2,000,100 (July 31, 2024 – nil) common shares and 467,509 (July 31, 2024 – nil) stock options were held in escrow.

d) Stock options

On December 13, 2024, the Company adopted a stock option plan (the "Stock Option Plan"), whereby the maximum number of non-transferable options to purchase common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Additionally, the maximum number of non-transferable options to purchase common shares reserved for issuance to any one individual upon exercise of all stock options held by such individual may not exceed 5% of the issued common shares, if the individual is a director or officer, or 2% of the issued common shares, if the individual is a technical consultant. All options granted under the Stock Option Plan will expire not later than the date that is ten years from the date that such options are granted.

(Expressed in Canadian dollars)

Stock options expire within 90 days of cessation of the optionee's position with the Company (other than in connection with the completion of the QT – in which case the later of (a) 1 year from completion of the QT; and (b) 90 days after the cessation of the optionee's position with the Company) 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. Stock options granted under the Stock Option Plan are not transferable or assignable other than by will or other testamentary instrument pursuant to the laws of succession.

On February 25, 2025, the Company granted an aggregate of 467,509 stock options with a fair value of $35,243 to officers and directors of the Company. The stock options vested immediately. The options have an exercise price of $0.10 per option and expire on February 25, 2030. The Company fair valued the options on the grant date using the Black-Scholes option pricing model based on the following assumptions: stock price - $0.10; risk free rate – 2.69%, expected dividend rate – 0%; expected life – 5 years; expected annual volatility – 100%; and forfeiture rate – 0%.

During the year ended July 31, 2025, the Company recorded share-based compensation expense of $35,243 (2024 - $nil).

The balance of stock options outstanding as at July 31, 2025 and 2024 and the changes for the periods then ended are as follows:

	Number of stock options	Weighted average exercise price
	#	$
Balance as at July 31, 2024 and October 11, 2023	-	-
Granted	467,509	0.10
Balance as at July 31, 2025	467,509	0.10

The following table summarizes information about the stock options outstanding as at July 31, 2025:

Exercise price	Number of options outstanding	Number of options exercisable[1]	Weighted average remaining life (years)	Expiry date
$0.10	467,509	-	4.58	February 25, 2030

[1]The options outstanding as at July 31, 2025 are vested, however, they are held in escrow and therefore not exercisable as at July 31, 2025 (Note 5c).

(Expressed in Canadian dollars)

e) Warrants

The balance of warrants outstanding as at July 31, 2025 and 2024 and the changes for the periods then ended are as follows:

	Number of warrants	Weighted average exercise price
	#	$
Balance as at July 31, 2024 and October 11, 2023	-	-
Granted	267,500	0.10
Balance as at July 31, 2025	267,500	0.10

The following table summarizes information about the warrants outstanding as at July 31, 2025:

Exercise price	Number of warrants outstanding	Weighted average remaining life (years)	Expiry date
$0.10	267,500	1.57	February 25, 2027

6. Income taxes

A reconciliation between the Company's income tax provision computed at statutory rates to the reported income tax provision is as follows:

	July 31, 2025	July 31, 2024
	$	$
Loss for the period before income tax recovery	(175,969)	(9,024)
Average statutory rate	27.00%	27.00%
Expected income tax recovery	(47,512)	(2,436)
Share issuance costs and other	(21,265)	-
Share-based compensation	9,516	-
Change in non-recognized deferred tax assets	59,261	2,436
Income tax recovery	-	-

Deferred income tax assets are only recognized to the extent that the realization of tax benefits is determined to be probable. As at July 31, 2025 and 2024, the Company has not recognized the benefit of the following deductible temporary differences:

	July 31, 2025	July 31, 2024
	$	$
Deductible temporary differences and tax losses		
Losses carried forward	165,502	9,024
Share issuance costs	63,006	-
Total deductible temporary differences and tax losses	**228,508**	**9,024**

(Expressed in Canadian dollars)

As at July 31, 2025, the Company has estimated non-capital losses for Canadian income tax purposes of $165,502 that may be carried forward to reduce taxable income derived in future years. The Canadian non-capital losses expire in 2044-2045.

7. Related party transactions

Related parties are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly. Related parties of the Company include members of the Board, officers of the Company, close family members of these individuals, and any companies controlled by these individuals.

The compensation paid or payable to related parties for services during the year ended July 31, 2025 and the period ended July 31, 2024 is as follows:

	2025	2024
	$	$
Professional fees	66,865	-
Share-based compensation (Note 5)	35,243	-
	102,108	-

During the year ended July 31, 2025, $11,121 (2024 - $nil) in professional fees was charged by Malaspina Consultants Inc., a company controlled by Killian Ruby, a director of the Company.

During the year ended July 31, 2025, $55,744 (2024 - $nil) in professional fees was charged by Segev LLP, a company in which Aadam Tejpar, corporate secretary of the Company, was a partner.

On February 25, 2025, the Company granted an aggregate of 467,509 stock options with a fair value of $35,243 to officers and directors of the Company. The stock options vested immediately.

Included in accounts payable and accrued liabilities at July 31, 2025 is $5,075 (July 31, 2024 - $nil) due to related parties. These amounts are unsecured and due under normal business terms.

8. Financial instruments and risk management

Classification of financial instruments

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. These financial instruments are classified as financial assets and liabilities at amortized cost and are reported at amortized cost.

The classification of the financial instruments as well as their carrying values as at July 31, 2025 is shown in the table below:

At July 31, 2025	Assets – Amortized cost	Liabilities – Amortized cost	Total
	$	$	$
Financial assets			
Cash	159,114	-	159,114
Total financial assets	159,114	-	159,114
Financial liabilities			
Accounts payable and accrued liabilities	-	27,095	27,095
Total financial liabilities	-	27,095	27,095

(Expressed in Canadian dollars)

The classification of the financial instruments as well as their carrying values as at July 31, 2024 is shown in the table below:

At July 31, 2024	Assets – Amortized cost	Liabilities – Amortized cost	Total
	$	$	$
Financial assets			
Cash	68,981	-	68,981
Total financial assets	68,981	-	68,981
Financial liabilities			
Accounts payable and accrued liabilities	-	9,000	9,000
Total financial liabilities	-	9,000	9,000

Note that the fair values approximate the carrying values due to their short-term nature.

Financial and capital risk management

The Company examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include foreign currency risk, interest rate risk, credit risk, and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.
The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Discussions of risks associated with financial assets and liabilities are detailed below:

Credit Risk
Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company considers credit risk with respect to its cash to be immaterial as cash is held through a large Canadian financial institution.

Liquidity Risk
Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. The Company manages its liquidity risk by continuously monitoring forecasted and actual cash flows, as well as anticipated investing and financing activities. Accounts payable and accrued liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As at July 31, 2025, the Company had working capital of $138,997.

Market Risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk. The Company's exposure to and management of market risk has not changed materially from that of the period ended July 31, 2024.

- Interest Rate Risk
  Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a cash loss is limited as the Company's liabilities are non-interest bearing. As at July 31, 2025, the Company is not exposed to any material interest rate risk.

- Foreign Exchange Risk
  Foreign exchange risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar and transactions are transacted in Canadian dollars. As a result, the Company believes it is not exposed to material foreign exchange risk.

- Other Price Risk
  Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer by factors affecting all similar financial instruments traded in the market. The Company believes it is not exposed to material other price risk.

9. Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern. In the management of capital, the Company includes its components of shareholders' equity.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital and deficit. The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, issuing new debt, or acquiring or disposing of assets. The Company does not have a source of revenue. As such, the Company is dependent on external financing to fund its activities. In order to pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management policies on an ongoing basis. The Company is subject to externally imposed capital requirements as defined under Policy 2.4.