

Aether Catalyst Solutions, Inc.

Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

Corporate Head Office

*Unit 104, 8337 Eastlake Drive
Burnaby, BC
V5A 4W2*

Independent Auditor's Report

To the Shareholders of Aether Catalyst Solutions, Inc.

Opinion

We have audited the financial statements of Aether Catalyst Solutions, Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2024 and December 31, 2023 and the statements of net loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, 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 Company as at December 31, 2024 and December 31, 2023, and its financial performance and its cash flows for the years 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 to the financial statements which describes the material uncertainty 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. Other than the matter described in the Material Uncertainty Related to Going Concern section, we have determined there are no key audit matters to be communicated 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 audit of the financial statements, our responsibility is to read the other information identified

above 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 the other information 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 in this auditor's report. 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 Diana Huang.

Crowe Mackay LLP

**Chartered Professional Accountants
Vancouver, Canada
April 28, 2025**

Aether Catalyst Solutions, Inc.
Statements of Financial Position
(Expressed in Canadian dollars)

	December 31, 2024	December 31, 2023
ASSETS		
Current assets		
Cash	\$ 11,602	\$ 17,238
Receivables (Note 8)	44,226	41,910
Prepaid expenses	7,548	7,548
Total current assets	63,376	66,696
Non-current assets		
Property, plant and equipment (Note 3)	-	24,463
Right-of-use asset (Note 6)	136,949	5,528
Total assets	\$ 200,325	\$ 96,687
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities (Notes 4 and 8)	\$ 357,873	\$ 156,522
Loans payable (Notes 5 and 8)	231,669	100,284
Lease liability (Note 6)	24,618	7,753
Total current liabilities	614,160	264,559
Non-current liabilities		
Loans payable (Note 5)	60,000	60,000
Long-term lease liability (Note 6)	121,993	-
Total liabilities	796,153	324,559
Shareholders' deficiency		
Share capital (Note 7)	3,087,741	2,923,686
Contribution surplus (Note 7)	643,391	637,791
Subscription received in advance	35,720	720
Deficit	(4,362,680)	(3,790,069)
Total shareholders' deficiency	(595,828)	(227,872)
Total liabilities and shareholders' deficiency	\$ 200,325	\$ 96,687

Nature of operations and going concern (Note 1)

Commitment (Note 11)

Subsequent events (Note 13)

APPROVED ON BEHALF OF THE DIRECTORS:

"Paul Woodward" Director
Paul Woodward

"Jason Moreau" Director
Jason Moreau

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

Aether Catalyst Solutions, Inc.
Statements of Net Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	For the years ended	
	December 31,	
	2024	2023
Expenses		
Amortization (Notes 3 and 6)	\$ 57,381	\$ 69,632
Consulting fees (Note 8)	60,000	82,050
Filing and issuer fees	18,078	18,320
Interest and accretion (Notes 5 and 6)	95,752	9,427
Office, supplies and miscellaneous	42,592	45,444
Professional fees	46,956	71,890
Rent	30,655	10,366
Share-based compensation (Notes 7 and 8)	-	74,293
Shareholder communication	-	1,980
Wages and benefits (Note 8)	242,149	227,007
	(593,563)	(610,409)
Other items		
Rental income	20,952	15,714
Reversal of loan forgiveness (Note 5)	-	(20,000)
Net loss and comprehensive loss for the year	\$ (572,611)	\$ (614,695)
Loss per share – basic and diluted	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding – basic and diluted	55,779,665	52,572,931

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

Aether Catalyst Solutions, Inc.
Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian dollars)

	Number of shares	Share Capital	Subscription received in Advance	Contribution Surplus	Deficit	Total
Balance, December 31, 2022	49,657,794	\$ 2,676,341	\$ 720	\$ 563,498	\$ (3,175,374)	\$ 65,185
Share issued for private placements	4,000,000	220,000	-	-	-	220,000
Share issue costs – cash	-	(3,905)	-	-	-	(3,905)
Shares issued for loan	625,000	31,250	-	-	-	31,250
Share-based compensation	-	-	-	74,293	-	74,293
Loss for the year	-	-	-	-	(614,695)	(614,695)
Balance, December 31, 2023	54,282,794	2,923,686	720	637,791	(3,790,069)	(227,872)
Share issued for private placements	2,962,818	162,955	-	-	-	162,955
Share issue costs – cash	-	(8,300)	-	-	-	(8,300)
Share issue costs – warrants	-	(5,600)	-	5,600	-	-
Subscriptions received in advance	-	-	35,000	-	-	35,000
Exercise of warrants	150,000	15,000	-	-	-	15,000
Loss for the year	-	-	-	-	(572,611)	(572,611)
Balance, December 31, 2024	57,395,612	\$ 3,087,741	\$ 35,720	\$ 643,391	\$ (4,362,680)	\$ (595,828)

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

Aether Catalyst Solutions, Inc.
Statements of Cash Flows
(Expressed in Canadian dollars)

	For the years ended	
	December 31,	
	2024	2023
Cash flows used in operating activities		
Net loss for the year	\$ (572,611)	\$ (614,695)
Changes in non-cash items:		
Interest and accretion	75,486	9,427
Amortization	57,381	69,632
Share-based compensation	-	74,293
Reversal of loan forgiveness	-	20,000
Changes in non-cash working capital items:		
Receivables	(2,316)	5,812
Prepaid expenses	-	7,945
Accounts payable and accrued liabilities	201,351	91,639
Cash used in operating activities	(240,709)	(335,947)
Cash flows used in investing activities		
Purchase of property, plant and equipment	-	(5,729)
Cash used in investing activities	-	(5,729)
Cash flows from financing activities		
Lease payments	(46,644)	(48,255)
Repayment of loans payable	(2,588)	-
Proceeds from loans	79,650	127,180
Proceeds from private placement	162,955	220,000
Proceeds from warrant exercise	15,000	-
Share issue cost - cash	(8,300)	(3,905)
Subscriptions received in advance	35,000	-
Cash from financing activities	235,073	295,020
Change in cash	(5,636)	(46,656)
Cash, beginning of the year	17,238	63,894
Cash, end of the year	\$ 11,602	\$ 17,238
Supplementary cash flow information		
Cash paid for interest	\$ 2,588	\$ -
Cash paid for taxes	\$ -	\$ -
Non-cash financing activities		
Shares issued for loans	\$ -	\$ 31,250
Right-of-use asset acquired through lease liability	\$ 164,339	\$ -
Fair value of brokers' warrants	\$ 5,600	\$ -

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

Aether Catalyst Solutions, Inc.**Notes to the Financial Statements**

(Expressed in Canadian dollars)

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

1. NATURE OF OPERATIONS AND GOING CONCERN

Aether Catalyst Solutions, Inc. (“Aether” or the “Company”) was incorporated under the British Columbia Business Corporations Act (“BCBCA”) on July 8, 2011. The Company’s principal business activity is commercializing patent pending catalyst technology, first for use in automotive emissions abatement.

These financial statements have been prepared on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company’s ability to continue as a going concern is dependent upon achieving profitable operations and/or obtaining additional financing.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future which is at least, but not limited to, 12 months from December 31, 2024. Management is aware, in making its assessment, of material uncertainties relating to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern, as explained in the following paragraph.

The Company has sustained losses from operations and does not have sufficient cash to finance its current plans for at least 12 months from the date of this document. The Company expects that it will need to raise substantial additional capital to accomplish its business plan over the next several years. The Company expects to seek additional financing through equity financing. There can be no assurance as to the availability or terms upon which such financing might be available.

The Company’s business may be affected by changes in political and market conditions, such as interest rates, tariffs, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events and potential economic global challenges such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business.

These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

2. MATERIAL ACCOUNTING POLICIES**Basis of presentation**Statement of compliance

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. These financial statements are prepared using the accrual basis of accounting, except for cash flow information. These financial statements are presented in Canadian dollars, which is the functional currency of the Company.

These financial statements were approved for issuance by the Company’s Board of Directors on April 28, 2025.

These financial statements, including comparatives, have been prepared using policies consistent with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates and judgments when applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

Aether Catalyst Solutions, Inc.**Notes to the Financial Statements**

(Expressed in Canadian dollars)

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

2. MATERIAL ACCOUNTING POLICIES (continued)**Use of estimates and judgments**

The preparation of these financial statements in conformity with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

Significant accounting estimates

Significant accounting estimates that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

- i) The discount rate used to evaluate the present value of the lease liability. The discount rate was determined by comparing debt issuances in similar companies, historical experience of the Company and by assessing macro-economic factors present in the market.

Significant accounting judgments

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

- i) The ability of the Company to continue as a going concern.

Financial instruments

Financial assets and liabilities at fair value through profit or loss (“FVTPL”) are initially recognized at fair value and transaction costs are expensed in profit or loss.

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment.

The Company classifies its financial instruments as follows:

Financial Assets and Liabilities	IFRS 9 Classification and Measurement
Cash	FVTPL
Receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost
Lease liability	Amortized cost

Aether Catalyst Solutions, Inc.**Notes to the Financial Statements**

(Expressed in Canadian dollars)

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

2. MATERIAL ACCOUNTING POLICIES (continued)**Impairment of non-financial assets**

The carrying amount of the Company's non-current assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

Share capital

The proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. The Company's common shares are classified as equity instruments.

Commissions paid to agents, and other directly attributable share issuance costs, such as legal, auditing, and printing, on the issue of the Company's shares are charged directly to share capital.

When units are issued during a private placement, which include both common shares and share purchase warrants, the warrants are valued by comparing the total unit price to the fair value of the shares on the day of the announcement of the private placement. Any premium above the fair value of the shares issued would be allocated to warrants and credited to the warrant reserve.

Share-based payments

Where equity settled share purchase options are awarded to employees, the fair value of the options at the date of grant is measured using an option pricing model, and is charged to profit or loss over the vesting period using the graded vesting method.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payments cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

All equity-settled share-based payments are reflected in share-based payment reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid. If the options expire or are forfeited, the corresponding amount previously recorded remains in reserves.

Aether Catalyst Solutions, Inc.**Notes to the Financial Statements**

(Expressed in Canadian dollars)

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

2. MATERIAL ACCOUNTING POLICIES (continued)**Leases**

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

New accounting standards, interpretations and amendments to be adopted

A number of new standards, and amendments to standards and interpretations, are not effective and have not been early adopted in preparing these financial statements. The following accounting standards and amendments are effective for future periods:

- i) 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.
 - a) Three defined categories for income and expenses – operating, investing or financing – to improve the structure of the income statements, and require all companies to provide new defined subtotals, including operating profit;
 - b) Requirement for companies to disclose explanations of management-defined performance measures (MPMs) that are related to the income statement; and
 - c) Enhanced guidance on how to organize 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 will be evaluating the impact of the above standard on its financial statements.

Aether Catalyst Solutions, Inc.**Notes to the Financial Statements**

(Expressed in Canadian dollars)

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

2. MATERIAL ACCOUNTING POLICIES (continued)**Adoption of new accounting standards, interpretations and amendments**

The Company adopted the following accounting standards during the year ended December 31, 2024:

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

These amendments provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

There was no significant impact to the financial statements as a result of the adoption of these amendments.

3. PROPERTY, PLANT AND EQUIPMENT

	Equipment	Leasehold Improvements	Total
Cost			
Balance, December 31, 2022	\$ 93,739	\$ 70,306	\$ 164,045
Additions	5,729	-	5,729
Balance, December 31, 2023 and December 31, 2024	\$ 99,468	\$ 70,306	\$ 169,774
Depreciation			
Balance, December 31, 2022	\$ 65,785	\$ 43,060	\$ 108,845
Depreciation	13,066	23,400	36,466
Balance, December 31, 2023	78,851	66,460	145,311
Depreciation	20,617	3,846	24,463
Balance, December 31, 2024	\$ 99,468	\$ 70,306	\$ 169,774
Net Book Value, December 31, 2023	\$ 20,617	\$ 3,846	\$ 24,463
Net Book Value, December 31, 2024	\$ -	\$ -	\$ -

Aether Catalyst Solutions, Inc.**Notes to the Financial Statements**

(Expressed in Canadian dollars)

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payables and accrued liabilities for the Company are broken down as follows:

	December 31, 2024	December 31, 2023
Trade payables	\$ 180,292	\$ 89,542
Accrued liabilities	78,186	37,500
Due to government	99,395	29,480
Total	\$ 357,873	\$ 156,522

5. LOANS PAYABLE

During the year ended December 31, 2020, the Company received an interest-free loan of \$60,000 through the Canada Emergency Business Account. Repaying the balance of the loan on or before January 18, 2024 would result in loan forgiveness of \$20,000. If the balance is not paid by January 18, 2024, the remaining balance will be converted to a 3-year term loan at 5% annual interest maturing on December 31, 2026, effective January 19, 2024.

The Company did not make repayment of the loan by January 18, 2024, as a result, the Company recognized a loss of \$20,000 during the year ended December 31, 2023. During the year ended December 31, 2024, the Company recorded interest of \$2,852 and made payments of \$2,588. As of December 31, 2024, the balance owing was \$60,000 (2023 - \$60,000).

During the year ended December 31, 2024 the Company:

- i) received a loan in the amount of \$20,200 bearing interest at an annual rate of 5% and was repayable in full on December 31, 2024.
- ii) received a loan in the amount of \$17,550 from a director of the Company. The amount is unsecured, bearing interest at an annual rate of 15% and has no specific terms of repayment.
- iii) received a loan in the amount of \$35,000 from a director of the Company bearing interest at an annual rate of 10% and will be repayable in full on April 29, 2025.
- iv) received a loan in the amount of \$6,900 from the spouse of a director of the Company. The amount is unsecured, bearing interest at an annual rate of 15% and has no specific terms of repayment.

During the year ended December 31, 2023, the Company:

- i) entered into loan agreements with lenders, comprised of an arm's length individual, two directors, and the spouse of a director for loans in the aggregate amount of \$125,000. The loans bear interest at an annual rate of 15% and will be repayable in full on various dates 12 months from advancement of funds. The Company also issued 625,000 common shares (Note 7) in connection with the loans. The fair value of the host debt was calculated first using a discount rate of 53% and determined to be \$93,750. The residual of \$31,250 was allocated to the equity component. During the year ended December 31, 2024, the Company recorded accretion of \$26,895 (2023 - \$4,354) and accrued interest of \$21,370 (2023 - \$Nil).

Aether Catalyst Solutions, Inc.**Notes to the Financial Statements**

(Expressed in Canadian dollars)

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

5. LOANS PAYABLE (continued)

- ii) received a loan in the amount of \$2,180 from an officer of the Company. The amount is unsecured, non-interest bearing and has no specific terms of repayment.

Loans payable for the Company are broken down as follows:

	Loans payable
Balance, December 31, 2022	\$ 40,000
Additions	127,180
Bifurcation of equity component	(31,250)
Reversal of loan forgiveness	20,000
Accretion	4,354
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Balance, December 31, 2023	160,284
Additions	79,650
Accretion	26,895
Interest	27,428
Repayment	(2,588)
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Balance, December 31, 2024	291,669
Long-term	(60,000)
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Short-term	\$ 231,669

Subsequent to the year ended December 31, 2024, the Company consolidated its loans payable with certain individuals ("Consolidated Loans"). The Consolidated Loans of \$205,125 consist of pre-existing loans with principal and interest of \$194,047, additional interest accrued subsequent to December 31, 2024 of \$6,545 and an additional loan entered into subsequently with principal and interest of \$4,533. The Consolidated Loans mature on August 28, 2026 and bear an annual interest rate of 15%.

6. RIGHT-OF-USE ASSET AND LEASES

The weighted average incremental borrowing rate applied to lease liabilities is 16%.

During the year ended December 31, 2024, the Company renewed its lease agreement that extended the term to February 28, 2029, which resulted in an additional right-of-use asset and lease liability of \$164,339.

For the year ending December 31, 2024, depreciation of the right-of-use asset was \$32,918 (2023 - \$33,166). The right-of-use asset is depreciated on a straight-line basis over the term of the lease.

Right-of-use asset, December 31, 2022	\$ 38,694
Depreciation of right-of-use asset	(33,166)
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Right-of-use asset, December 31, 2023	5,528
Addition of right-of-use asset	164,339
Depreciation of right-of-use asset	(32,918)
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Right-of-use asset, December 31, 2024	\$ 136,949

Aether Catalyst Solutions, Inc.**Notes to the Financial Statements**

(Expressed in Canadian dollars)

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

6. RIGHT-OF-USE ASSET AND LEASES (continued)

For the year ending December 31, 2024, finance charges on the lease liability were \$21,163 (2023 - \$5,073). The lease terms matures on February 28, 2029.

Balance, December 31, 2022	\$	50,935
Interest		5,073
Lease payments		(48,255)
Balance, December 31, 2023		7,753
Addition of lease liability		164,339
Interest		21,163
Lease payments		(46,644)
Balance, December 31, 2024	\$	146,611
Current lease liability	\$	24,618
Long-term lease liability		121,993
Total lease liability at December 31, 2024	\$	146,611

7. SHARE CAPITAL**Authorized**

Unlimited common shares without par value

Issued

During the year ended December 31, 2024, the Company:

- i) issued 150,000 common shares pursuant to exercise of warrants at a price of \$0.10 for gross proceeds of \$15,000.
- ii) issued 2,962,818 units pursuant to a non-brokered private placement at a price of \$0.055 per unit for gross aggregate proceeds of \$162,955. Each unit consists of one common and one-half a transferable share purchase warrant, with each whole warrant entitling the holder thereof to purchase one additional share at a price of \$0.10 per warrant share for a period of twelve months from the date of closing of the private placement. In connection with the private placement, the Company paid finder's fees of \$8,300 and issued 160,000 brokers' warrants valued at \$5,600 with each warrant entitling the holder thereof to purchase one additional share at a price of \$0.055 per warrant share for a period of twelve months from the date of closing of the private placement.

Aether Catalyst Solutions, Inc.**Notes to the Financial Statements**

(Expressed in Canadian dollars)

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

7. SHARE CAPITAL (continued)

During the year ended December 31, 2023, the Company:

- i) completed a non-brokered private placement and issued 4,000,000 units at a price of \$0.055 per unit for gross aggregate proceeds of \$220,000. Each unit consists of one common share in the capital of the Company and one-half a transferable share purchase warrant, with each warrant entitling the holder thereof to purchase one additional share at a price of \$0.10 per warrant share for a period of twelve months from the date of closing of the private placement. In connection with the private placement, the Company paid finder's fees of \$3,905.
- ii) issued 625,000 common shares with a fair value of \$31,250 pursuant to loan agreements with certain parties (Note 5).

Options

The Company has a stock option plan whereby, the maximum number of common shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares, as at the date of the grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 1% of the issued and outstanding number of common shares at the date of the grant.

Options may be granted for a maximum term of 10 years from the date of the grant, are non-transferable and expire within 90 days (or earlier as stipulated) of termination of employment or holding office as director or officer of the Company and, in the case of death, expire within one year thereafter.

A summary of changes in options for the years ended December 31, 2024 and 2023 is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2022	2,500,000	\$ 0.14
Granted	1,400,000	\$ 0.10
Expired	(1,100,000)	\$ 0.10
Outstanding, December 31, 2023	2,800,000	\$ 0.14
Expired	(1,050,000)	\$ 0.20
Outstanding, December 31, 2024	1,750,000	\$ 0.10

As at December 31, 2024, the weighted average remaining contractual life of options outstanding was 1.40 years (2023 – 1.84 years).

Aether Catalyst Solutions, Inc.**Notes to the Financial Statements**

(Expressed in Canadian dollars)

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

7. SHARE CAPITAL (continued)**Options (continued)**

The following options were outstanding and exercisable at December 31, 2024:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date
350,000	350,000	\$0.10	November 4, 2025
1,400,000	1,350,000	\$0.10	July 14, 2026
1,750,000	1,700,000		

Share-based compensation

During the year ended December 31, 2024, the Company did not grant any stock options.

During the year ended December 31, 2023, the Company granted 1,400,000 stock options to the employees and directors of the Company exercisable at a price of \$0.10 until July 14, 2026. 1,300,000 options vested immediately, whereas 100,000 options vest over time with 25,000 options vesting immediately and 25,000 options vest on each anniversary date to follow. During the year ended December 31, 2023, the Company recognized \$70,500 for the vested portion in share-based compensation.

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of options granted for the year ended December 31, 2023:

	Year ended December 31, 2023
Risk-free interest rate	4.30%
Expected life of options	3 years
Expected annualized volatility	123%
Exercise price	\$0.10
Expected dividend rate	0.00%

Volatility is determined based on historical stock prices.

Aether Catalyst Solutions, Inc.**Notes to the Financial Statements**

(Expressed in Canadian dollars)

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

7. SHARE CAPITAL (continued)**Warrants**

A summary of changes in warrants for the years ended December 31, 2024 and 2023 is as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, December 31, 2022	6,155,775	\$ 0.23
Granted	2,000,000	\$ 0.10
Expired	(6,155,775)	\$ 0.23
Outstanding, December 31, 2023	2,000,000	\$ 0.10
Granted	1,481,409	\$ 0.10
Cancelled	(1,850,000)	\$ 0.10
Exercised	(150,000)	\$ 0.10
Outstanding, December 31, 2024	1,481,409	\$ 0.10

As at December 31, 2024, the weighted average remaining contractual life of warrants outstanding was 0.53 years (2023 – 0.29 years).

The following warrants were outstanding at December 31, 2024:

Number of Warrants Outstanding	Exercise Price	Expiry Date
1,181,409	\$0.10	July 12, 2025
300,000	\$0.10	July 22, 2025
1,481,409		

Brokers' Warrants

A summary of changes in brokers' warrants for the years ended December 31, 2024 and 2023 is as follows:

	Number of Brokers' Warrants	Weighted Average Exercise Price
Outstanding, December 31, 2022	494,272	\$ 0.18
Expired	(494,272)	\$ 0.18
Outstanding, December 31, 2023	-	\$ -
Granted	160,000	\$ 0.055
Outstanding, December 31, 2024	160,000	\$ 0.055

As at December 31, 2024, the weighted average remaining contractual life of brokers' warrants outstanding was 0.54 years (2023 – Nil).

Aether Catalyst Solutions, Inc.
Notes to the Financial Statements
(Expressed in Canadian dollars)
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

7. SHARE CAPITAL (continued)

The following brokers' warrants were outstanding at December 31, 2024:

Number of Warrants Outstanding	Exercise Price	Expiry Date
100,000	\$0.055	July 12, 2025
60,000	\$0.055	July 22, 2025
160,000		

During the year ended December 31, 2024, the Company granted 160,000 brokers' warrants pursuant to the non-brokered private placement at a price of \$0.055 per warrant share for a period of twelve months from the date of closing of the private placement. The fair value of brokers' warrants was \$5,600.

The following weighted average assumptions were used for the Black-Scholes warrant pricing model valuation of warrants granted for the year ended December 31, 2024:

	Year ended December 31, 2024
Risk-free interest rate	3.86%
Expected life of options	1 year
Expected annualized volatility	180.37%
Exercise price	\$0.055
Expected dividend rate	0.00%

Volatility is determined based on historical stock prices.

8. RELATED PARTY TRANSACTIONS

	Year ended December 31, 2024	Year ended December 31, 2023
Transactions with Key Management Personnel		
Consulting fees paid to a company owned by a director and officer	\$ 60,000	\$ 60,000
Wages paid to officers and a spouse of a director	136,166	125,191
Share-based compensation	-	65,463
	\$ 196,166	\$ 250,654

As at December 31, 2024, receivables include \$33,400 (2023 – \$33,400) owing from companies with common directors.

As at December 31, 2024, accounts payable and accrued liabilities included \$94,325 (2023 – \$2,425) owing to officers and a company controlled by a director of the Company.

As at December 31, 2024, loans payable included \$173,725 (2023 – \$2,180) owing to a director of the Company and a company he controls, a spouse of a director of the Company, and a company with a common director of the Company (Note 5).

Aether Catalyst Solutions, Inc.**Notes to the Financial Statements**

(Expressed in Canadian dollars)

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

8. RELATED PARTY TRANSACTIONS (continued)

The amounts due to and from related parties are unsecured, non-interest bearing and have no specific terms of repayment unless stated otherwise.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT*Fair Value Hierarchy*

Financial instruments recorded at fair value on the Statements of Financial Position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

Level 2 – valuation techniques based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Cash is measured under the level 1 hierarchy. There were no transfers between levels of the fair value hierarchy during the years ended December 31, 2024 and 2023.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. As at December 31, 2024, the receivables consist of receivables from related parties, which are immaterial in amount. Management does not consider the Company to have significant concentrations of credit risk.

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company does not believe it is exposed to significant foreign exchange risk as funds are held in Canadian currency and there are no significant foreign exchange currency transactions.

Aether Catalyst Solutions, Inc.**Notes to the Financial Statements**

(Expressed in Canadian dollars)

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)*Interest Rate Risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not hold interest-bearing debt with variable interest rates and therefore does not believe that interest rate risk is significant. The Company does not use derivative instruments to reduce its interest rate risk as the Company's management believes that the likely financial impact of interest rate changes does not justify using derivatives.

Liquidity Risk

As at December 31, 2024, the Company manages this risk by monitoring its working capital to ensure its expenditures will not exceed available resources. As at December 31, 2024, the Company had cash of \$11,602 (2023 - \$17,238) and a working capital deficiency of \$550,784 (2023 - \$197,863). The Company will require financing from lenders, shareholders and other investors to generate sufficient capital to meet its short term business requirements. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms, other than the long term loans payable of \$60,000 and lease liability of \$121,993.

10. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' deficiency as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. There were no changes in the Company's approach to capital management during the year ended December 31, 2024. The Company is not subject to externally imposed capital requirements.

11. COMMITMENT

During the year ended December 31, 2024, the Company renewed its lease agreement and extended the term to February 28, 2029. Future minimum annual lease payments for the next five year and beyond are as follows:

2025	\$	46,322
2026		48,000
2027		50,014
2028		50,350
2029		8,392
	\$	<u>203,078</u>

Aether Catalyst Solutions, Inc.**Notes to the Financial Statements**

(Expressed in Canadian dollars)

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

12. INCOME TAXES

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	2024	2023
Net loss for the year before income taxes	\$ (572,611)	\$ (614,695)
Statutory income tax rate	27%	27%
Income tax recovery computed at statutory tax rate	\$ (154,605)	\$ (165,968)
Items not deductible for income tax purposes	4,625	20,059
Changes in unrecognized benefit of deferred income tax assets	149,980	145,909
Deferred income tax expense	\$ -	\$ -

The significant components of the Company's unrecognized temporary differences and unused tax losses are as follows:

	December 31, 2024	Expiry date	December 31, 2023	Expiry date
Non-capital losses	\$ 3,429,000	2032-2044	\$ 3,050,000	2032-2043
Other	498,000	None	312,000	None
	<u>3,927,000</u>		<u>3,362,000</u>	

An analysis of recognized deferred tax assets and deferred tax liabilities is as follows:

	2024	2023
Deferred tax liabilities		
Right-of-use asset	\$ (37,000)	\$ -
Deferred tax liabilities	(37,000)	-
Deferred tax assets		
Non-capital losses	37,000	-
Deferred tax assets	37,000	-
Net deferred tax assets (liabilities)	\$ -	\$ -

13. SUBSEQUENT EVENTS

Subsequent to December 31, 2024, the Company:

- i) issued 1,875,000 units pursuant to a non-brokered private placement at a price of \$0.04 per unit for gross aggregate proceeds of \$75,000. Each unit consists of one common share in the capital of the Company and one-half a transferable share purchase warrant, with each whole warrant entitling the holder thereof to purchase one additional share at a price of \$0.10 per warrant share for a period of twelve months from the date of closing of the private placement. A portion of proceeds received was used to repay loans payable of \$4,880.
- ii) received a loan in the amount of \$6,000 from a company controlled by a director of the Company. The amount is unsecured, bearing interest at an annual rate of 15% and has no specific terms of repayment.
- iii) received a loan in the amount of \$5,500 from the spouse of a director of the Company. The amount is unsecured, bearing interest at an annual rate of 15% and has no specific terms of repayment.

Aether Catalyst Solutions, Inc.

Notes to the Financial Statements

(Expressed in Canadian dollars)

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

13. SUBSEQUENT EVENTS (continued)

- iv) consolidated its loans payable with certain individuals. The Consolidated Loans mature on August 28, 2026 and bear an annual interest rate of 15% (Note 5).