Aether Catalyst Solutions, Inc.

Condensed Interim Financial Statements

For the three months ended March 31, 2025 and 2024

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

Corporate Head Office

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

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor

Aether Catalyst Solutions, Inc.
Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	March 31, 2025	December 31, 2024
ASSETS		
Current assets		
Cash	$ 146	$ 11,602
Receivables (Note 8)	45,450	44,226
Prepaid expenses	7,548	7,548
Total current assets	53,144	63,376
Non-current assets		
Right-of-use asset (Note 6)	128,732	136,949
Total assets	$ 181,876	$ 200,325
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities (Notes 4 and 8)	$ 303,734	$ 357,873
Loans payable (Notes 5 and 8)	38,222	231,669
Lease liability (Note 6)	25,784	24,618
Total current liabilities	367,740	614,160
Non-current liabilities		
Loans payable (Note 5)	358,059	60,000
Long-term lease liability (Note 6)	115,034	121,993
Total liabilities	840,833	796,153
Shareholders' deficiency		
Share capital (Note 7)	3,162,741	3,087,741
Contribution surplus (Note 7)	643,391	643,391
Subscription received in advance	720	35,720
Deficit	(4,465,809)	(4,362,680)
Total shareholders' deficiency	(658,957)	(595,828)
Total liabilities and shareholders' deficiency	$ 181,876	$ 200,325

Nature of operations and going concern (Note 1)
Commitment (Note 11)
Subsequent event (Note 12)

APPROVED ON BEHALF OF THE DIRECTORS:

"Paul Woodward"	Director	*"Jason Moreau"*	Director
Paul Woodward		Jason Moreau	

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

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Aether Catalyst Solutions, Inc.
Condensed Interim Statements of Net Loss and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	For the three months ended March 31, 2025	2024
Expenses		
Amortization (Notes 3 and 6)	$ 8,217	$ 16,418
Consulting fees (Note 8)	15,000	15,000
Filing and issuer fees	1,750	2,880
Interest and accretion (Notes 5 and 6)	21,260	13,653
Office, supplies and miscellaneous	9,806	15,895
Professional fees	9,770	11,750
Rent	8,416	-
Shareholder communication	171	-
Wages and benefits (Note 8)	63,388	54,743
	(137,778)	(130,339)
Other items		
Rental income	5,714	4,286
Write-off of accounts payable (Note 4)	28,935	-
Net loss and comprehensive loss for the period	$ (103,129)	$ (126,053)
Loss per share – basic and diluted	$ (0.00)	$ (0.00)
Weighted average number of shares outstanding – basic and diluted	57,640,177	54,315,403

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

Aether Catalyst Solutions, Inc.
Condensed Interim Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	Number of shares	Share Capital	Subscription received in Advance	Contribution Surplus	Deficit	Total
Balance, December 31, 2023	**54,282,794**	**$ 2,923,686**	**$ 720**	**$ 637,791**	**$ (3,790,069)**	**$ (227,872)**
Exercise of warrants	150,000	15,000	-	-	-	15,000
Loss for the period	-	-	-	-	(126,053)	(126,053)
Balance, March 31, 2024	**54,432,794**	**2,938,686**	**720**	**637,791**	**(3,916,122)**	**(338,925)**
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
Loss for the period	-	-	-	-	(446,558)	(446,558)
Balance, December 31, 2024	**57,395,612**	**3,087,741**	**35,720**	**643,391**	**(4,362,680)**	**(595,828)**
Share issued for private placements	1,875,000	75,000	(35,000)	-	-	40,000
Loss for the period	-	-	-	-	(103,129)	(103,129)
Balance, March 31, 2025	**59,270,612**	**$ 3,162,741**	**$ 720**	**$ 643,391**	**$ (4,465,809)**	**$ (658,957)**

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

Aether Catalyst Solutions, Inc.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	For the three months ended March 31, 2025	2024
Cash flows used in operating activities		
Net loss for the period	$ (103,129)	$ (126,053)
Changes in non-cash items:		
Interest and accretion	17,871	13,653
Amortization	8,217	16,417
Write-off of accounts payable	(28,935)	-
Changes in non-cash working capital items:		
Receivables	(1,224)	16,839
Accounts payable and accrued liabilities	56,205	42,394
Cash used in operating activities	(50,995)	(36,750)
Cash flows from financing activities		
Lease payments	(11,581)	(15,568)
Proceeds from loans	16,000	20,200
Proceeds from private placement	35,120	-
Proceeds from warrant exercise	-	15,000
Cash provided by financing activities	39,539	19,632
Change in cash	(11,456)	(17,118)
Cash, beginning of the period	11,602	17,238
Cash, end of the period	$ 146	$ 120
Supplementary cash flow information		
Cash paid for interest	$ -	$ 10,318
Cash paid for taxes	$ -	$ -
Non-cash financing activities		
Shares issued for loans	$ 4,880	$ -
Right-of-use asset acquired through lease liability	$ -	$ 250,056

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

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 condensed interim 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 March 31, 2025. 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 condensed interim 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 condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. These condensed interim financial statements are prepared using the accrual basis of accounting, except for cash flow information. These condensed interim financial statements are presented in Canadian dollars, which is the functional currency of the Company.

These condensed interim financial statements were approved for issuance by the Company's Board of Directors on May 30, 2025.

These condensed interim financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"), using policies consistent IFRS Accounting Standards ("IFRS"), and as issued by the International Accounting Standards Boards ("IASB").

The preparation of condensed interim 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 condensed interim financial statements are disclosed below.

2. MATERIAL ACCOUNTING POLICIES (continued)

Use of estimates and judgments

The preparation of these condensed interim 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 condensed interim 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 condensed interim 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 condensed interim 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

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.

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.

(Expressed in Canadian dollars)

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, 2023	$ 99,468	$ 70,306	$ 169,774
Additions	5,729	-	5,729
Balance, December 31, 2024 and March 31, 2025	$ 99,468	$ 70,306	$ 169,774
Depreciation			
Balance, December 31, 2023	$ 78,851	$ 66,460	$ 145,311
Depreciation	20,617	3,846	24,463
Balance, December 31, 2024 and March 31, 2025	$ 99,468	$ 70,306	$ 169,774
Net Book Value, December 31, 2024 and March 31, 2025	$ -	$ -	$ -

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	March 31, 2025	December 31, 2024
Trade payables	$ 95,105	$ 180,292
Accrued liabilities	101,041	78,186
Due to government	107,588	99,395
Total	$ 303,734	$ 357,873

During the period ended March 31, 2025, the Company has determined that certain payables are no longer applicable due to lapse of statute of limitations and wrote off the outstanding accounts payable in the amount of $28,935.

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 period ended March 31, 2025, the Company recorded interest of $740 (2024 - $592). As of March 31, 2025, the balance owing was $60,000 (December 31, 2024 - $60,000).

During the period ended March 31, 2025, the Company:

i) 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.

ii) 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

iii) consolidated its loans payable with certain individuals ("Consolidated Loans"). The consolidated loan of $201,838 consist of pre-existing loans with principal and interest of $189,218, additional interest accrued during the period ended March 31, 2025 of $8,087 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%.

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.

(Expressed in Canadian dollars)

5. LOANS PAYABLE (continued)

Loans payable for the Company are broken down as follows:

		Loans payable
Balance, December 31, 2023	$	160,284
Additions		79,650
Accretion		26,895
Interest		27,428
Repayment		(2,588)
Balance, December 31, 2024		291,669
Additions		97,461
Interest		12,031
Repayment		(4,880)
Balance, March 31, 2025		396,281
Long-term		(358,059)
Short-term	$	38,222

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 period ending March 31, 2025, depreciation of the right-of-use asset was $8,217 (2024 - $9,695). The right-of-use asset is depreciated on a straight-line basis over the term of the lease.

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)
Right-of-use asset, December 31, 2024		136,949
Depreciation of right-of-use asset		(8,217)
Right-of-use asset, March 31, 2025	$	128,732

(Expressed in Canadian dollars)

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

For the period ending March 31, 2025, finance charges on the lease liability were $5,788 (2024 - $5,426). The lease terms matures on February 28, 2029.

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
Interest		5,788
Lease payments		(11,581)
Balance, March 31, 2025	$	140,818
Current lease liability	$	25,784
Long-term lease liability		115,034
Total lease liability at March 31, 2025	$	140,818

7. SHARE CAPITAL

Authorized

Unlimited common shares without par value

Issued

During the period ended March 31, 2025, 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.

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.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

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 period ended March 31, 2025 and year ended December 31, 2024 is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2023	2,800,000	$ 0.14
Expired	(1,050,000)	$ 0.20
Outstanding, December 31, 2024 and March 31, 2025	1,750,000	$ 0.10

As at March 31, 2025, the weighted average remaining contractual life of options outstanding was 1.15 years (2024 – 1.59 years).

The following options were outstanding and exercisable at March 31, 2025:

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 period ended March 31, 2025, and the year ended December 31, 2024, the Company did not grant any stock options.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

Warrants

A summary of changes in warrants for the period ended March 31, 2025 and year ended December 31, 2024 is as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, December 31, 2023	2,000,000	$ 0.10
Granted	1,481,409	$ 0.10
Cancelled	(1,850,000)	$ 0.10
Expired	(150,000)	$ 0.10
Outstanding, December 31, 2024	1,481,409	$ 0.10
Granted	937,500	$ 0.10
Outstanding, March 31, 2025	2,418,909	$ 0.10

As at March 31, 2025, the weighted average remaining contractual life of warrants outstanding was 0.76 years (2024 – 0.03 years).

The following warrants were outstanding at March 31, 2025:

Number of Warrants Outstanding	Exercise Price	Expiry Date
1,181,409	$0.10	July 12, 2025
300,000	$0.10	July 22, 2025
937,500	$0.10	March 19, 2026
2,418,909		

Brokers' Warrants

A summary of changes in brokers' warrants for the period ended March 31, 2025 and year ended December 31, 2024is as follows:

	Number of Brokers' Warrants	Weighted Average Exercise Price
Outstanding, December 31, 2023	-	$ -
Granted	160,000	$ 0.055
Outstanding, December 31, 2024 and March 31, 2025	160,000	$ 0.055

As at March 31, 2025, the weighted average remaining contractual life of brokers' warrants outstanding was 0.02 years (2024 – Nil).

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

The following brokers' warrants were outstanding at March 31, 2025:

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 period ended March 31, 2025 and year ended December 31, 2024:

	Period ended March 31, 2025	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

	Period ended March 31, 2025	Period ended March 31, 2024
Transactions with Key Management Personnel		
Consulting fees paid to a company owned by a director and officer	$ 15,000	$ 15,000
Wages paid to officers and a spouse of a director	36,412	25,946
	$ 51,412	$ 40,946

As at March 31, 2025, receivables include $33,400 (December 31, 2024 – $33,400) owing from companies with common directors.

As at March 31, 2025, accounts payable and accrued liabilities included $45,220 (December 31, 2024 – $94,325) owing to officers and a company controlled by a director of the Company.

As at March 31, 2025, loans payable included $335,252 (December 31, 2024 – $173,725) 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).

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 period March 31, 2025 and year ended December 31, 2024.

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 March 31, 2025, 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.

(Expressed in Canadian dollars)

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 March 31, 2025, the Company manages this risk by monitoring its working capital to ensure its expenditures will not exceed available resources. As at March 31, 2025, the Company had cash of $146 (December 31, 2024 - $11,602) and a working capital deficiency of $314,596 (December 31, 2024 - $550,784). 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 $358,059 and lease liability of $115,034.

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 period ended March 31, 2025. 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	$ 34,742
2026	48,000
2027	50,014
2028	50,350
2029	8,392
	$ 191,498

12. SUBSEQUENT EVENT

Subsequent to March 31, 2025, the Company:

i) issued 10,095,332 units pursuant to first tranche of a non-brokered private placement at a price of $0.075 per unit for gross aggregate proceeds of $757,150. 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 $0.15 per warrant share for a period of 18 months from the date of closing of the private placement. In connection with the private placement, the Company paid finder's fees of $49,472 and issued 824,532 brokers' warrants with each warrant entitling the holder thereof to purchase one additional share at a price of $0.075 per warrant share for a period of 18 months from the date of closing of the private placement.