SEVEN OAKS

Seven Oaks Capital Corp.

(A Capital Pool Company)

For the years ended December 31, 2023 and 2022

(In Canadian Dollars)

SEGAL | GCSE LLP
Chartered Professional Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Seven Oaks Capital Corp.

Opinion

We have audited the financial statements of Seven Oaks Capital Corp. (the "Corporation"), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of loss and comprehensive loss, statements of changes in shareholders' equity and statements of cash flows for the years ended December 31, 2023 and 2022, 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 Corporation as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

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 on our report. We are independent of the Corporation 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.

Emphasis of Matters

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the uncertainty about whether the Corporation will complete a Qualifying Transaction.

Key Audit Matters

Key audit matters are those matters, that in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context 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 Emphasis of Matters section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. Other information consists of the information included in Management's Discussion and Analysis field with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

Other Information (Continued...)

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 and remain alert for indications that the other information appears to be materially misstated. 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 the 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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation’s internal control.

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Auditor's Responsibilities for the Audit of the Financial Statements (Continued...)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

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.

The engagement partner of the audit resulting in this independent auditor's report is John F. Cleveland-Iliffe.

Segal GCSE LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
March 5, 2024

SEVEN OAKS CAPITAL CORP.
Statements of Financial Position
(in Canadian dollars)
As at December 31, 2023 and 2022

		2023		2022
Assets				
Cash	$	536,276	$	537,299
	$	536,276	$	537,299
Liabilities				
Accounts payable and accrued liabilities, note 5	$	23,218	$	84,607
Shareholders' Equity				
Share capital, note 4	$	791,342	$	640,039
Share option Reserve, note 4		64,594		54,225
Warrant Reserve, note 4		26,409		26,409
Cumulative Deficit		(369,287)		(267,981)
		513,058		452,692
	$	536,276	$	537,299

Going concern (note 1)
Subsequent events (note 10)

Approved by the Board *"Grant McLeod"* Director **(Signed)** *"Dexter John"* Director **(Signed)**

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

SEVEN OAKS CAPITAL CORP.
Statements of Loss and Comprehensive Loss
For the years ended December 31, 2023 and 2022
(in Canadian dollars)

		2023		2022
Expenses				
Professional fees	$	54,115	$	57,972
Stock exchange and transfer agent fees		19,003		18,572
General and administrative		14,980		5,678
Share-based compensation, note 9		10,369		54,225
Due diligence costs		2,839		32,376
Net loss and comprehensive loss for the year	**$**	**(101,306)**	**$**	**(168,823)**
Net loss per share – basic and diluted	**$**	**(0.03)**	**$**	**(0.02)**
Weighted average shares outstanding – basic and diluted		**3,942,174**		**10,689,041**

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

SEVEN OAKS CAPITAL CORP.
Statements of Changes in Shareholders' Equity
For the years ended December 31, 2023 and 2022
(in Canadian dollars)

	Number of Shares	Share Capital	Stock Option Reserve	Warrant Reserve	Accumulated Deficit	Shareholders' Equity
Balance, as at January 1, 2022	8,100,000	$ 405,000	$ -	$ -	$ (99,158)	$ 305,842
Shares issued for cash	3,500,000	350,000	-	-	- -	350,000
Share-based compensation			54,225			54,225
Share issuance costs		(114,961)		26,409		(88,552)
Net loss and comprehensive loss for the year	-	-	-	-	(168,823)	(168,823)
Balance, as at December 31, 2022	**11,600,000**	**$ 640,039**	**$ 54,225**	**$ 26,409**	**$ (267,981)**	**$ 452,692**
Shares issued for cash	1,576,560	157,656	-	-	-	157,656
Share-based compensation	-	-	10,369	-	-	10,369
Share issuance costs		(6,353)	-	-	-	(6,353)
Net loss and comprehensive loss for the year	-	-	-	-	(101,306)	(101,306)
Balance, as at December 31, 2023	**13,176,560**	**$ 791,342**	**$64,594**	**$ 26,409**	**$ (369,287)**	**$ 513,058**

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

SEVEN OAKS CAPITAL CORP.
Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(in Canadian dollars)

		2023		2022
Cash provided by (used in)				
Operating				
Net loss and comprehensive loss for the year	$	(101,306)	$	(168,823)
Share-based compensation		10,369		54,225
Prepaids		-		15,000
Change in accounts payable and accrued liabilities		(61,389)		11,607
Cash used in operating activities	**$**	**(152,326)**	**$**	**(87,991)**
Financing				
Proceeds from issuance of shares		157,656		350,000
Share issuance costs		(6,353)		(88,552)
Cash provided by financing activities	$	151,303	$	261,448
Net change in cash	**$**	**(1,023)**	**$**	**173,457**
Cash, beginning of year		537,299		363,842
Cash, end of year	**$**	**536,276**	**$**	**537,299**

Supplemental Cash Flow Information				
Non-cash share issuance costs	$	-	$	26,409

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

1. INCORPORATION AND NATURE OF BUSINESS

Seven Oaks Capital Corp. (the "**Corporation**") was incorporated under the Ontario Business Corporations Act on February 19, 2021 and is a Capital Pool Company as defined in the Policy 2.4 of the TSX Venture Exchange (the "**Exchange**") Corporate Finance Manual (the "**Manual**"). The principal business of the Corporation is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("**QT**"). The Corporation has not commenced commercial operations and has no assets other than cash and deposits for professional services. Given the nature of the activities, no separate segmented information is reported. The Corporation's continuing operations, as intended, may be dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders' approval.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to $3,000 per month may be used for reasonable general and administrative expenses of the Corporation. These restrictions apply until completion of a QT by the Corporation as defined under the policies of the Exchange Policy 2.4. The common shares of Seven Oaks commenced trading on the TSX Venture Exchange on April 5, 2022 under the symbol "SEVN.P".

The head office and the registered head office of the Corporation is located at 8 King Street East, suite 1712, Toronto, Ontario, M5C 1B5.

On March 5, 2024 the Board of Directors approved the financial statements for the years ended December 31, 2023 and 2022. The Corporation's corporate and tax year-end is December 31.

Going concern

These financials statements were prepared on a going-concern basis of accounting, which assumes that the Corporation will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. The Corporation does not generate revenue from operations and incurred a net loss and comprehensive loss of $101,306 (2022 - $168,823) and a cumulative deficit of $369,287 (2022 - $267,981) for the year ended December 31, 2023. However, the Corporation believes that its working capital balance as at December 31, 2022 will provide the Corporation with sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period. As the Corporation has no revenues, its ability to continue as a going concern may be dependent on its ability to obtain additional financing and complete a Qualifying Transaction. The financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

2. BASIS OF PRESENTATION

Statement of Compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective December 31, 2023.

Basis of Measurement

The financial statements are presented in Canadian dollars ("**CAD**"), which is the Corporation's functional and presentation currency. The financial statements are prepared on a historical cost basis except for certain financial instruments classified as fair value through profit or loss ("**FVPTL**"), which are stated at their

2. BASIS OF PRESENTATION – (continued):

fair value. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Financial Instruments

Recognition

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

Classification

The Corporation classifies its financial assets and financial liabilities in the following measurement categories: i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss, and ii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

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

The Corporation has implemented the following classifications:

Cash is classified as assets at fair value and any period change in fair value is recorded in profit or loss.

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

Measurement

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

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments or principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition).

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

4. MATERIAL ACCOUNTING POLICY INFORMATION – (continued):

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

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

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

Cash is a level 1 financial instrument measured at fair value on the statement of financial position.

Income Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of operations and comprehensive income.

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to be recovered or settled. Deferred tax assets are recognized to the extent that realization of such benefits is probable.

Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common share are recognized as a deduction from equity, net of any tax effects.

Share-Based Payments

The Corporation has a stock option plan (the "**Option Plan**") which is discussed in note 4. The Corporation uses the fair value-based method of accounting for share-based payment arrangements. The fair value of each option granted to directors, officers, consultants and employees is accounted for in operations over the vesting period of the option using the Black-Scholes option pricing model at the date of grant, with the related increase to stock option reserve. Upon exercise of the stock options, the consideration paid, together with the amount previously recognized in contributed surplus, is recorded as an increase in share capital. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

5. MATERIAL ACCOUNTING POLICY INFORMATION – (continued):

Loss per share

Basic loss per share is calculated based on the weighted average number of common shares outstanding during the fiscal year. Diluted net loss per share is determined by adjusting the weighted average number of common shares outstanding for the effects of all potentially dilutive shares. Instruments which would be anti-dilutive are not included in the calculation of diluted loss per share. All of the Corporation's outstanding stock options and warrants were anti-dilutive for the year ended December 31, 2023.

Use of Estimates, assumptions and judgements

The preparation of financial statements in conformity with IFRS requires the Corporation's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which will require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Going concern

Management has made an assessment of the Corporation's ability to continue as a going concern and the financial statements are prepared on a going concern basis. However, the Corporation has no source of operating revenues and its ability to operate as a going concern in the near-term will be depend on its ability to successfully raise additional financing and to complete the Qualifying Transaction. These factors may cast significant doubt upon the Corporation's ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Corporation be unable to continue as a going concern.

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions could affect the fair value estimates.

Income, value added, withholding and other taxes

The Corporation is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Corporation's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Corporation recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Corporation's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Corporation's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit andpotential reassessment subsequent to the financial

(in Canadian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION – (continued):

Use of Estimates, assumptions and judgements – (continued):

Income, value added, withholding and other taxes– (continued)

statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Accounting standards issued but not yet effective

The Corporation has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Corporation has not early-adopted any new standards and has determined that there are no standards that are relevant to the Corporation.

4. SHARE CAPITAL

	Number of Shares	Share Capital
Balance, as at December 31, 2021	8,100,000	405,000
Share issuance	3,500,000	350,000
Share issuance costs		(114,961)
Balance, as at December 31, 2022	**11,600,000**	**640,039**
Share issuance	1,576,560	157,656
Share issuance costs	-	(6,353)
Balance, as at December 31, 2023	**13,176,560**	**$ 791,342**

Seed share issuance

As at December 31, 2021, the Corporation had issued an aggregate of 500,000 seed common shares to directors and officers of the Corporation, and an additional 7,600,000 seed common shares to other investors at a price of $.05 per share for gross proceeds of $405,000. Directors and officers of the Corporation are beneficial owners of 3,780,000 of the 7,600,000 seed common shares through 70% ownership of Integrity Enterprises Inc.

Initial public offering ("IPO")

On April 5, 2022, the Corporation completed its Offering pursuant to which it issued 3,500,000 common shares at $0.10 per share, for aggregate proceeds of $350,000. Canaccord Genuity Corp. ("Canaccord") acted as the agent for the offering. Pursuant to the completion of the IPO, the Corporation issued 350,000 agent's warrants, each warrant is exercisable into one share at an exercise price of $0.10 per share, and will expire on April 5, 2027. The value attributed to agent warrants issued to Canaccord was $26,409. In addition to the $26,409 non-cash share issue costs associated with the agent's warrants, the Corporation incurred cash issuance costs of $88,552.

4. **SHARE CAPITAL – (continued):**

Non-brokered private placement

On June 30, 2023, the Corporation completed a non-brokered private placement pursuant to which it issued 1,576,560 common shares of the Corporation at $0.10 per share, for aggregate proceeds of $157,656. The Corporation incurred cash issuance costs of $8,374 related to the non-brokered private placement, of which $2,020 of TSX fees related to the financing was expensed and $6,353 of professional fees and commissions were offset against share capital.

Stock Options

The Corporation awards stock options to directors and officers under an incentive stock option plan. The number of options that may be granted is limited to 10% of the total number of issued and outstanding common shares of the Corporation.

Stock options may be granted for a maximum term of five years from the date of the grant. They are non-transferable and are exercisable as determined by the Directors when the option is granted. Options expire within 12 months of termination of employment or holding office as director or officer of the Corporation and, in the case of death, expire within a maximum period of one year after such death, subject to the expiry date of the option.

Any shares issued upon exercise of the options prior to the Corporation entering into a Qualifying Transaction will be subject to escrow restrictions.

The Option Plan was approved by the Board of Directors and adopted by the Corporation on September 22, 2021.

On July 30, 2021, 300,000 stock options were granted to three directors and one officer of the Corporation, at an exercise price of $0.10 per share. The stock options have an expiry date of five years from the date of grant and vested upon the completion of the IPO. The stock options were valued at $21,540 using the Black-Scholes option pricing model based on the following assumptions: expected volatility of 100.51%, expected life of 4.3 years, expected dividend yield of 0%, risk-free rate of 2.44% and a share/exercise price of $0.10.

On November 12, 2021, 50,000 stock options were granted to a director of the Corporation, at a price of $0.10 per share. The stock options have an expiry date of five years from the date of grant and vested upon the completion of the IPO. The stock options were valued at $3,672 using the Black-Scholes option pricing model based on the following assumptions: expected volatility of 100.51%, expected life of 4.6 years, expected dividend yield of 0%, risk-free rate of 2.44% and a share/exercise price of $0.10.

On August 10, 2022, 400,000 stock options were granted to directors and officers of the Corporation, at a price of $0.10 per share. The stock options have an expiry date of five years from the date of grant and vested immediately. The stock options were valued at $29,013 using the Black-Scholes option pricing model based on the following assumptions: expected volatility of 92.55%, expected life of five years, expected dividend yield of 0%, risk-free rate of 3.55% and a share/exercise price of $0.10.

On January 29, 2023, 150,000 stock options were granted to a director of the Corporation, at a price of $0.10 per share. The stock options have an expiry date of five years from the date of grant and vested immediately. The stock options were valued at $10,369 using the Black-Scholes option pricing model based on the following assumptions: expected volatility of 86.89%, expected life of five years, expected dividend yield of 0%, risk-free rate of 2.77% and a share/exercise price of $0.10.

(in Canadian dollars)

4. SHARE CAPITAL – (continued):

Stock Options – (continued):

On January 29, 2023 the Company cancelled vested options to purchase 150,000 common shares in the capital of the Corporation, 50,000 of which were issued to a director of the Corporation, at a price of $0.10 per share on November 12, 2021, and 100,000 of which were granted on August 10, 2022, at a price of $0.10 per share.

	Number of Option Issued	Weighted average exercise price	Weighted average remaining (years)
Balance, as at December 31, 2021	**350,000**	$0.10	2.6
Granted – Officers and directors	400,000	$0.10	3.6
Balance, as at December 31, 2022	**750,000**		
Cancelled – Director	(150,000)		
Granted – Director	150,000	$0.10	4.1
Balance, as at December 31, 2023	**750,000**		

Escrowed Shares

After completing the IPO on April 5, 2022, all issued and outstanding seed shares were placed in escrow pursuant to the requirements of the Exchange to be released as to 25% thereof on completion of the Corporation's Qualifying Transaction, as defined in the policies of the Exchange, and as to 25% thereof on each of the 6th, 12th, and 18th months following the initial release, pursuant to the terms of an Escrow Agreement dated as of March 30, 2022 between the Corporation, TSX Trust Company, and the founding shareholders of the Corporation.

After completing the non-brokered private placement on June 30, 2023, a further 59,000 shares were placed in escrow.

Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be escrowed.

All common shares acquired on exercise of stock options granted to directors and officers prior to completion of a Qualifying Transaction must also be deposited and held in escrow pursuant to the requirements of the Exchange.

All common shares of the Corporation acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited and held in escrow.

(in Canadian dollars)

4. SHARE CAPITAL – (continued):

Escrowed Shares – (continued):

The Offering was made on behalf of the Corporation by Canaccord Genuity (the Agent). Upon closing of the Offering on April 5, 2022 the Agent received a cash commission of $35,000, a corporate finance fee of $15,000 plus reimbursement for legal and other expenses incurred in connection with the Offering.

In addition, on April 5, 2022, the Agent received an aggregate of 350,000 compensation warrants. Each such compensation warrant entitles the holder to acquire one common share of the Corporation at an exercise price of $0.10 for a period of five years. The compensation warrants were valued at $26,409 using the Black-Scholes option pricing model based on the following assumptions: expected volatility of 100.51%, expected life of five years, expected dividend yield of 0%, risk-free rate of 2.44% and a share price of $0.10.

	Number of warrants issued	Weighted average exercise price	Weighted average remaining (years)
Balance as at January 1, 2022	-	-	-
Granted – Agent	350,000	$0.10	3.25
Balance, as at December 31, 2022 and 2023	**350,000**	**$0.10**	**3.25**

Pursuant to CPC Policy 2.4, warrants to subscribe for securities granted to the Agent in connection with the IPO may be exercised in whole or in part by the Agent before the completion of the Qualifying Transaction, provided that no more than 50 percent of the aggregate number of common shares which can be acquired by the Agent on exercise of the warrants may be sold by the Agent before the completion of the Qualifying Transaction.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Corporation's accounts payable and accrued liabilities as at December 31, 2023 totaling $23,218 (December 31, 2022 - $84,607) consist of professional fees, as well as travel and office costs.

	December 31, 2023	December 31, 2022
Accounts payable	$3,218	$39,607
Accrued liabilities	$20,000	$45,000
Balance	**$23,218**	**$84,607**

(in Canadian dollars)

6. INCOME TAXES

Provision for income taxes

Major items causing the Corporation's income tax rate to differ from the federal statutory rate of 26.5% were as follows:

	Year ended December 31, 2023	Period ended December 31, 2022
Loss before income taxes	$ (101,306)	$ (168,823)
Expected income tax recovery based on statutory rate	26,850	44,700
Share-based compensation	(2,750)	(14,400)
Others	6,400	5,600
Tax benefits not recognized	(30,500)	(35,900)
Deferred income tax expense	**$ -**	**$ -**

Deferred income tax balances

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Corporation can use the benefits.

	Year ended December 31, 2023	Period ended December 31, 2022
Deferred tax assets (liabilities)		
Non-capital losses available for future periods	$92,800	$62,200
Share issuance costs	19,600	24,400
Deferred tax assets not recognized	(112,400)	(86,600)
Deferred tax assets	**$ -**	**$ -**

The Corporation has approximately $350,049 of non-capital losses in Canada, which, under certain circumstances, can be used to reduce the taxable income of future years. These losses will expire as follows.

2041	$ 99,158
2042	135,692
2043	115,199
	$ 350,049

7. MANAGEMENT OF CAPITAL

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

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

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to $3,000 per month may be used for reasonable general and administrative expenses of the Corporation. These restrictions apply until completion of a QT by the Corporation as defined under the policies of the Exchange Policy 2.4.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Corporation's activities may expose it to a variety of financial risks: fair values, credit risk, liquidity risk and market risk (including interest rate risk). The Board of Directors provides regular guidance for overall risk management.

Fair values

As at December 31, 2023, the Corporation's financial instruments consist of cash and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

The Corporation is exposed in varying degrees to a number of risks arising from financial instruments. Management's involvement in the operations allows for the identification of risks and variances from expectations. The Board approves the risk management processes. The Board's main objectives for managing risks are to ensure liquidity, the fulfillment of obligations, the completion of the IPO, the Corporation's search for a Qualifying Transaction, and limit exposure to credit and market risks.

Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its obligations. The Corporation is exposed to credit risk through its cash balance which was held in a Canadian financial institution as at December 31, 2023 and 2022. The Corporation believes its exposure to credit risk is not significant.

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. None of the Corporation's financial instruments bear interest. Therefore, management believes the Corporation has no significant exposure to interest rate risk through its financial instruments as at December 31, 2023 and 2022.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations associated with financial liabilities. The Corporation has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements. The Corporation coordinates this

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - (continued):

planning and budgeting process with its financing activities through the capital management process described in note 7, in normal circumstances. The Corporation's accounts payable and accrued liabilities have contractual maturities of less than 30 days and have normal trade terms.

9. RELATED PARTY TRANSACTIONS

All transactions with related parties occurred in the normal course of operations. The Corporation's related party transactions are as follows:

Key management personnel are those individuals having responsibility for planning, directing, and controlling the activities of the Corporation. The Corporation considers the officers and directors to be key management. During the year, the Corporation incurred share-based compensation of $10,369 (2022 - $54,225) through options issuance. Such options were fair valued based on the Black-Scholes option pricing model (see note 4 for details).