



POWER GROUP

PROJECTS

POWER GROUP PROJECTS CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JANUARY 31, 2025 AND 2024

(Expressed in Canadian Dollars)



INDEPENDENT AUDITORS' REPORT

To the Shareholders of Power Group Projects Corp.:

Opinion

We have audited the consolidated financial statements of Power Group Projects Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at January 31, 2025, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency, and cash flows for the year ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated 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 Matter - Material Uncertainty Related to Going Concern

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

Other Matters - Comparative Information

The consolidated financial statements of the Company for the year ended January 31, 2024 were audited by another auditor who expressed an unqualified opinion on those statements on May 30, 2024.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended January 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

Our opinion on the consolidated 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 consolidated 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 consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standard 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 consolidated 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 consolidated 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 Charles Sung.

CAN Partners LLP

Markham, Ontario
June 2, 2025

**Chartered Professional Accountants
Licensed Public Accountants**

POWER GROUP PROJECTS CORP.
Consolidated Statements of Financial Position
As at January 31, 2025 and 2024
(Expressed in Canadian dollars)

	2025	2024
Assets		
Current		
Cash	\$ 627	\$ 6,862
Prepaid expenses	4,769	3,569
GST receivable	21,130	4,090
	26,526	14,521
Property and equipment (Note 5)	-	-
	\$ 26,256	\$ 14,521
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 533,896	\$ 164,282
Related party payable (Note 7)	16,000	-
	549,896	164,282
Shareholders' Equity (Deficiency)		
Share capital (Note 8)	25,040,700	25,040,700
Contributed surplus (Note 8)	2,342,160	2,342,160
Deficit	(27,906,230)	(27,532,621)
	(523,370)	(149,761)
	\$ 26,526	\$ 14,521

Nature of Business, Continuance of Operations and Going Concern (Note 1)

Approved by the Board

"Christopher Huggins"

Director (Signed)

"Scott Hayduk"

Director (Signed)

POWER GROUP PROJECTS CORP.
Consolidated Statements of Operations and Comprehensive Loss
For the years ended January 31
(Expressed in Canadian dollars, except share amounts)

	2025	2024
Expenses		
Consulting and management fees (Note 9)	\$ 295,057	\$ 127,900
Depreciation (Note 5)	-	372
Exploration and evaluation expenditures (Note 6)	3,438	750
Insurance	13,126	9,201
Office	885	1,025
Professional fees	40,917	41,279
Share based compensation	-	3,386
Shareholder communications	5,261	2,732
Transfer agent and regulatory fees	14,211	13,066
	372,895	199,711
Loss from Operations	(372,895)	(199,711)
Other Expenses (Income)		
Interest expense	714	-
Recovery of exploration expenses (Note 6)	-	(15,203)
Gain on disposal of assets (Note 5)	-	(367)
	714	(15,570)
Net Loss and Comprehensive Loss for the year	\$ (373,609)	\$ (184,141)
Basic and diluted loss per common share *	\$ (0.03)	\$ (0.02)
Weighted average number of common shares outstanding, basic and diluted *	11,956,056	11,956,056

* Retroactively restated for the effect of share consolidation on September 25, 2024.

POWER GROUP PROJECTS CORP.
Consolidated Statements of Changes in Shareholders' Equity
For the years ended January 31
(Expressed in Canadian dollars, except share amounts)

	Number of common shares	Share capital	Contributed surplus	Deficit	Total
Balance at January 31, 2023 (Note 8)	11,956,056	25,040,700	2,338,774	(27,348,480)	30,994
Share-based compensation	-	-	3,386	-	3,386
Net loss for the year	-	-	-	(184,141)	(184,141)
Balance - January 31, 2024	11,956,056	25,040,700	2,342,160	(27,532,621)	(149,761)
Net loss for the year	-	-	-	(373,609)	(373,609)
Balance - January 31, 2025	11,956,056	25,040,700	2,342,160	(27,906,230)	(523,370)

On September 25, 2024 by resolution of the board of directors in accordance with the Company's articles, the Company consolidated its issued and outstanding common shares in the capital of the Company on the basis of one (1) new common share for every ten (10) issued and outstanding common shares. Unless otherwise noted, all reference to common shares, options, and warrants issued and outstanding on these consolidated financial statements have been adjusted retroactively to reflect the share consolidation.

POWER GROUP PROJECTS CORP.
Consolidated Statements of Cash Flows
For the years ended January 31,
(Expressed in Canadian dollars)

	2025	2024
Cash provided by (used in)		
Operating activities		
Net loss for the year	\$ (373,609)	\$ (184,141)
Items not affecting cash		
Depreciation	-	372
Share-based compensation	-	3,386
Gain on sale of assets	-	(367)
	(373,609)	(180,750)
Net changes in non-cash working capital		
Prepaid expenses	(1,200)	(3,569)
GST receivable	(17,040)	19,264
Accounts payable and accrued liabilities	369,614	92,598
Net cash used in operating activities	(22,235)	(72,457)
Investing activities		
Proceeds on disposal of property and equipment	-	5,000
Cash provided by investing activities	-	5,000
Financing activities		
Proceeds from related party loan	16,000	-
Cash provided by financing activities	16,000	-
Net change in cash	(6,235)	(67,457)
Cash, beginning of year	6,862	74,319
Cash, end of year	\$ 627	\$ 6,862

1. NATURE OF BUSINESS, CONTINUANCE OF OPERATIONS AND GOING CONCERN

a) Nature of Operations

Power Group Projects Corp. (formerly Cobalt Power Group Inc.), (the “**Company**”) was incorporated under the BC Business Corporations Act on December 14, 2009, and is listed on the TSX Venture Exchange (“**TSX:V**”) under the symbol “PGP”.

The Company’s registered office is at 999 West Hastings Street, Suite 520, Vancouver, British Columbia V6C 2W2.

The Company’s principal business activity is the acquisition and exploration of resource properties in Canada. The Company presently has no proven or probable reserves, and on the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. Consequently, the Company considers itself to be an exploration stage company.

b) Continuance of Operations and Going Concern

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year.

The Company incurred a comprehensive loss for the year ended January 31, 2025, of \$373,609 (2024: \$184,141). As at January 31, 2025, the Company had cash of \$627 (2024: \$6,862), working capital deficit of \$523,370 (2024: \$149,761) and an accumulated deficit of \$27,906,230 (2024: \$27,532,621) and expects to incur further losses in the development of its business. The Company’s ability to continue operations in the normal course of business is dependent upon establishing sufficient cash flows from their exploration projects or on the receipt of additional debt or equity financing. The nature and significance of these conditions, along with the continuing losses and accumulated deficit, creates a material uncertainty that casts significant doubt about the appropriateness of the going concern assumption. These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different than those reflected in the financial statements. Such adjustments could be material.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). These consolidated financial statements were authorized for issue by the Board of Directors on June 2, 2025.

b) Basis of Consolidation

These consolidated financial statements of the Company include the transactions and balances of its subsidiaries, Canadian Cobalt Projects Inc., Little Trout Cobalt Development Corp., Ontario Cobalt Property Developers Inc., Western Cobalt Corp., and Pallplat Metals Inc., which are wholly-owned subsidiaries incorporated in Canada and are currently inactive. The Company consolidates its subsidiaries on the basis that it controls the subsidiaries. In determining whether the Company controls each subsidiary, management is required to assess the definition of control in accordance with IFRS 10 - Consolidated Financial Statements. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. All intercompany balances, transactions, income and expenses, and profits or losses have been eliminated on consolidation.

c) **Basis of Measurement**

These consolidated financial statements have been prepared on a historical cost basis.

In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The functional currency of the Company and its subsidiaries is the Canadian dollar, being the currency of the economic environment of the Company's operations. The functional currency is also the presentation currency.

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. See Note 4 for Critical Accounting Estimates and Judgments made by management in the application of IFRS.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies used in the preparation of these consolidated financial statements set out below have been applied consistently to all periods presented in all material respects.

a) Business Combinations

Business combinations are accounted for using the acquisition method when the acquisitions of companies and /or assets meet the definition of a business under IFRS. The cost of an acquisition is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed at the date of acquisition. The acquired identifiable assets and liabilities are measured initially at their fair value at the date of acquisition. The fair value of exploration and evaluation assets and property and equipment is the estimated amount for which these assets could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. Any excess of the purchase price over the fair value of the identifiable assets and liabilities acquired is recognized as goodwill. If the cost of acquisition is less than fair value of the identifiable assets and liabilities, the difference is recorded as a gain in profit or loss. Associated transaction costs are expensed when incurred.

b) Basic and Diluted Loss per Share

Basic loss per share is computed by dividing the net loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share reflects the potential dilution that could occur if the dilutive securities were exercised or converted to common shares.

The dilutive effect of the options and warrants are computed by application of the treasury stock method and the effect of convertible securities by the "if converted" method. Diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share in the years presented.

c) Mineral Property and Right Acquisition Costs

Mining property and right acquisition costs include the cash consideration and the fair market value of shares issued for mineral property interests pursuant to the terms of the relevant agreements. These costs are expensed as incurred.

d) Exploration and Evaluation Expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition cost of mineral properties, property payments and evaluation activities. Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to its mineral properties and, to the best of its knowledge, the title to its properties are in good standing.

e) Share-Based Payments

Equity-settled share-based payments for directors, officers, employees and consultants are measured at fair value using the Black-Scholes option valuation model at the stock option grant date and recorded as an expense in the financial statements. The fair value determined at the grant date of the equity-settled share-based payments is expensed using the graded vesting method over the vesting period based on the Company's estimate of the number of shares that will eventually vest. Consideration paid by optionees on the exercise of stock options together with their initially recognized fair values is credited to share capital.

Compensation expense on stock options granted to consultants is measured at the earlier of the completion of performance and the date the options are vested at the fair value of the goods and services received and are recorded as an expense in the same period as if the Company had paid cash for the goods or services received. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by the use of the Black-Scholes option-pricing 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 behavioural considerations.

The fair value of shares issued to acquire exploration and evaluation assets are based on the fair value of the goods and services received. If the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services.

f) Share Capital

Share issue costs

Costs directly identifiable with the raising of share capital financing are charged against share capital. Share issue costs incurred in advance of share subscriptions are recorded as non-current deferred assets. Share issue costs related to uncompleted share subscriptions are charged to operations.

Value of warrants

Proceeds from unit placements are allocated between shares and warrants using the relative fair value approach to calculate the fair value allocation between common shares and share purchase warrants. The value of unit warrants and compensatory warrants issued to brokers is determined by using the Black-Scholes model.

g) Income Taxes

Income tax expense comprises of current and deferred tax. Current and deferred taxes are recognized in the statement of operations except to the extent that it relates to a business combination or items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

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

Deferred tax assets and liabilities are recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is to be settled. At the end of each reporting year end the Company reassesses unrecognized deferred tax assets and liabilities. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to do so and when the deferred tax balances relate to the same taxation authority.

h) Financial Instruments

Financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

Financial instruments are classified into one of the following three measurement categories: fair value through profit or loss ("FVTPL"), amortized cost and fair value through other comprehensive income ("FVTOCI"). Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. Transaction costs on financial instruments classified as FVTPL are expensed as incurred. Transaction costs on financial instruments classified as FVTOCI are initially included in the carrying amounts of the financial instrument and subsequently recorded in other comprehensive income at the next remeasurement. Transaction costs related to financial instruments measured at amortized cost are included in the carrying amounts of the financial instruments and amortized over the life of the instrument by the effective interest rate method.

Upon initial recognition, all financial instruments are recorded on the consolidated statements of financial position at their fair value. After initial recognition, the financial instruments are measured at their fair value, if categorized as FVTPL or FVTOCI, or amortized cost (using the effective interest method). Changes in the fair value of FVTPL financial instruments are recognized in operations for the year and changes in the fair value of FVTOCI financial instruments are recognized in other comprehensive income for the year.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

As at January 31, 2025 and 2024, the Company does not have any derivative financial liabilities.

POWER GROUP PROJECTS CORP.
Notes to the Consolidated Financial Statements
January 31, 2025 and 2024, and for the years then ended
(Expressed in Canadian dollars)

Below is a summary showing the classification and measurement basis of the Company's financial instruments.

	Classification
Cash	Amortized cost
Sundry receivable	Amortized cost
Related party loans	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

i) Impairment

Financial assets

At each balance sheet date, on a forward-looking basis, the Company assesses the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment model does not apply to FVTPL instruments. The expected credit losses are required to be measured through loss allowance at an amount equal to the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) or full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). A loss allowance for the full lifetime expected credit losses are required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition.

j) Decommissioning Provision

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of tangible long-lived assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates is capitalized to the amount of the related asset along with a corresponding increase in the decommissioning provision in the period incurred. Provisions are determined by discounting the risk-adjusted expected future cash flows to take into consideration risks and uncertainties involving the transaction. The discounting occurs using a risk-free pre-tax rate that reflects the time value of money and is used to calculate the net present value. The decommissioning cost is depreciated on the same basis as the related asset. The liability is progressively increased each period as the effect of discounting unwinds, creating a finance expense recognition in the statement of operations.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. The Company's estimates are reviewed at each reporting date for changes in regulatory requirements, effects of inflation and changes in estimates. These changes are recorded directly to the related asset with a corresponding entry to the rehabilitation provision. Currently, the Company has no decommissioning provision obligations.

k) Property and Equipment

Items of property and equipment are initially recognized at cost. As well as the purchase price, cost includes other directly attributable costs and the estimated present value of any future costs of dismantling and removing items. All items of equipment are subsequently carried at depreciated cost less impairment losses, if any.

POWER GROUP PROJECTS CORP.
Notes to the Consolidated Financial Statements
January 31, 2025 and 2024, and for the years then ended
(Expressed in Canadian dollars)

Depreciation is provided on all items of other equipment to write off the carrying value of items over their expected useful economic lives. It is applied using the declining balance method at the following rates:

- Computer Equipment – 20% per annum
- Field Equipment – 30% per annum
- Furniture and Equipment – 20% per annum
- Trailer – 30% per annum

Material residual value estimates and estimates of useful life are updated as required, but at least annually. When events or changes in the economic environment indicate a risk of impairment to property and equipment, an impairment test is performed to determine whether the carrying amount of the asset or group of assets under consideration exceeds its or their recoverable amount. Recoverable amount is defined as the higher of an asset's fair value (less costs of disposal) and its value in use. Value in use is equal to the present value of future cash flows expected to be derived from the use and sale of the asset.

l) Adoption of Revised Standards and Interpretations

The following new IFRS Accounting Standards and interpretations were adopted by the Company on February 1, 2024, and there was no significant impact as a result of the adoption of these amendments:

Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>

m) Standards Issued but not yet Effective

Amendments to IAS 21	<i>Lack of Exchangeability¹</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments and Contracts Referencing Nature-dependant Electricity²</i>
Amendments to IFRS Accounting Standards	<i>Annual improvements to IFRS Accounting Standards Volume 11²</i>
IFRS 18	<i>Presentation and Disclosure in Financial Statements³</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an investor and its Associate or Joint Venture⁴</i>

- (1) Effective for annual periods beginning on or after January 1, 2025.
- (2) Effective for annual periods beginning on or after January 1, 2026.
- (3) Effective for annual periods beginning on or after January 1, 2027.
- (4) Effective date for annual periods affected to be determined.

The Company is in the process of assessing what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements are as follows:

(i) Share-based compensation expense:

The Company uses the Black-Scholes option-pricing model to determine the fair value of options in order to calculate share-based compensation expense. The Black-Scholes model involves six key inputs to determine the fair value of an option: risk-free interest rate, exercise price, the market price at the date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based compensation expense.

(ii) Business Combinations

In accordance with IFRS 3 – Business Combination (“IFRS 3”), a transaction is recorded as a business combination if the significant assets, liabilities, or activities, in addition to property, assumed constitute a business. A business is defined as an integrated set of activities and assets, capable of being conducted and managed for the purpose of providing a return, lower costs, or other economic benefits. Where there are no such integrated activities, the transaction is treated as an asset acquisition. The estimation of the fair value of the assets and liabilities acquired in an acquisition is subject to judgement concerning estimating market values and predicting future events. These values are uncertain and can materially impact the carrying value of the acquired assets and the amount allocated to goodwill, if applicable.

(iii) Going concern:

The Company's management has made an assessment of the Company's ability to continue as a going concern, and the consolidated financial statements continue to be prepared on a going concern basis. The Company has no sources of revenue and remains dependent on its ability to obtain financing, which may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated 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 Company be unable to continue as a going concern.

(iv) Deferred tax assets:

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent it is probable that taxable income will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies.

POWER GROUP PROJECTS CORP.
Notes to the Consolidated Financial Statements
January 31, 2025 and 2024, and for the years then ended
(Expressed in Canadian dollars)

5. PROPERTY AND EQUIPMENT

	Trailer	Furniture and Equipment	Computer Equipment	Field Equipment	Total
Cost					
Balance at January 31, 2023	7,001	3,500	8,109	26,220	44,830
Additions	-	-	-	-	-
Disposals	(7,001)	(3,500)	(8,109)	(26,220)	(44,830)
Balance at January 31, 2024 and 2025	\$ -	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation					
Balance at January 31, 2023	5,858	2,343	5,406	26,220	39,827
Amortization	115	77	180	-	372
Disposals	(5,973)	(2,420)	(5,586)	(26,220)	(40,199)
Balance at January 31, 2024 and 2025	\$ -	\$ -	\$ -	\$ -	\$ -

In May 2023, the Company sold all its property and equipment assets to an unrelated third party for cash proceeds of \$5,000.

6. EXPLORATION AND EVALUATION

a. Muddy Gullies Property

The Company acquired Pallplat Metals Inc. ("Pallplat"), a privately-held mineral exploration company in Newfoundland, Canada on April 13, 2021. As consideration for the Transaction, the Company issued an aggregate of 117,000 common shares in the capital of the Company (each, a "Common Share") at a price of \$0.07 per Common Share, being the closing market price on the date of closing, to the Vendors.

In connection with the Transaction, the Company entered into a mining option agreement (the "Option Agreement") with an effective date of April 7, 2021, with the Prospectus Alliance Syndicate (the "Syndicate") whereby the Syndicate granted an option (the "Option") to the Company to acquire a 100% undivided interest in the Muddy Gullies PGE Property in Newfoundland, Canada (the "Property"). In order to exercise the Option, the Company is required to: (i) pay an initial deposit of \$20,000, which had been paid by Pallplat, and additional cash payments of \$20,000 payable on each of the first three anniversaries of the Option Agreement; (ii) issue 120,000 Common Shares upon receipt of the approval of the TSX Venture Exchange (the "TSXV"), which have been issued, and an additional 60,000 Common Shares to be issued on each of the first three anniversaries of the Option Agreement, and (ii) incur \$800,000 in expenditures in respect of the Property over a three-year period.

In the event that the Option is exercised, the Company will grant a 2% net smelter returns royalty ("NSR") in favour of the Syndicate, subject to the ability of the Company to purchase 0.75% of the NSR (resulting in the remaining NSR being 1.25%) for a purchase price of \$1,250,000 at any time before the commencement of commercial production on the Property.

The Property is located 28 kilometres northeast of the town of Gander, NL. Route 330 affords easy access to the Property as does Muddy Gullies access road which runs east from route 330. The Property comprises 83 claim units covering approximately 20.73 square kilometres.

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In April 2023, the Company received a rebate of \$15,203 as part of the Government of Newfoundland and Labrador Junior Exploration Assistance program which provides grants for eligible expenditures related to mineral exploration and development.

During the year ended January 31, 2024, the Company has terminated the agreement and as such no longer has rights to this property.

b. Atlin West Property

On December 8, 2021, the Company acquired 1315843 B.C. Ltd. (“BCCo”) a privately-held exploration company in British Columbia, Canada, whose sole asset is an option agreement dated August 9, 2021, with Cloudbreak Discovery PLC and Cloudbreak Discovery (Canada) Ltd. (collectively “Cloudbreak”), whereby BCCo has the option to earn a 100% interest in certain mineral claims in the province of British Columbia the Atlin West project (the “Property”).

As consideration for the transaction, the Company: (i) issued an aggregate of 24 million common shares in the capital of the company, at a price of \$0.035 per common share, being the closing market price on the date of closing, to the vendors; (ii) a cash payment in the amount of \$50,000 which had been paid; and (iii) a cash payment in the amount of \$50,000 to BCCo or as BCCo may direct, upon closing of the transaction which had been paid.

Under the terms of the option agreement, BCCo may exercise the option to acquire a 100% interest in the Property upon payment of an aggregate of \$325,000 in cash payments, issuing 8,000,000 common shares (option shares) and incurring an aggregate of \$700,000 in expenditures on the Property as follows:

Option Payments

- A \$50,000 option payment on the effective date (paid)
- A \$50,000 option payment on the date which BCCo enters into a binding agreement with a third party in connection with a transaction that will result in shareholders of BCCo holding shares in a reporting issuer as defined under Canadian securities laws that is listed on a recognized Canadian stock exchange (paid)
- A \$75,000 option payment on or before the second anniversary of the effective date
- A \$150,000 option payment on or before the third anniversary of the effective date

Expenditures

- Incurring \$150,000 in expenditures on or before the first anniversary of the effective date
- Incurring an additional \$200,000 in expenditures or before the second anniversary of the effective date
- Incurring an additional \$350,000 in expenditures or before the third anniversary of the effective date

Option Shares

- 300,000 Option Shares on the signing of a go public agreement (issued)
- 250,000 Option Shares on the second anniversary of the Effective Date
- 250,000 Option Shares on the third anniversary of the Effective Date

The Company has not been able to fulfil the expenditure requirement of an aggregate of \$350,000; the required \$75,000 option payment; and issuing 250,000 option shares on or before the second anniversary date. Cloudbreak has agreed to allow the Company to hold onto this option until further notice, however, Cloudbreak still has the legal right to serve a notice of default at any time in which the Company has 30 days to remediate before the option agreement is terminated.

In April 2025, the mineral rights related to the Property were forfeited, and as such the Company no longer has rights to this property.

c. Rizz and Icefall Properties

On August 29, 2022, the Company has acquired all of the issued and outstanding common shares of 1311516 B.C. Ltd. ("1311516") a private company incorporated under the laws of the Province of British Columbia, whose sole assets are option agreements dated February 25, 2022 and March 3, 2022 (the "Option Agreements") with Cloudbreak Discovery PLC ("Cloudbreak") and Cloudbreak Discovery (Canada) Ltd. (together with Cloudbreak, the "Optionor"), whereby 1311516 has the option (the "Option") to acquire a 75% interest in certain mineral claims in the Province of British Columbia (the "Rizz Project" and the "Icefall Project").

As consideration for the Transaction, the Company issued an aggregate of 4,620,000 common shares in the capital of the Company (the "Common Shares"), at a price of \$0.02 per Common Share, being the closing market price on the date of closing, to the Vendors. Upon close of the Transaction, 1311516 became a wholly owned subsidiary of the Company and the Company assumed all obligations owing to the Optionor under the Option Agreements.

As the only material asset of 1311516 is the mining option agreements described below, the acquisition does not meet the definition of a business combination and has been accounted for as an asset acquisition.

Under the terms of the Rizz Option Agreement, 1311516 may exercise the Rizz Option to acquire a 75% interest in the Rizz Project upon payment of an aggregate of \$120,000 in cash payments (the "Rizz Option Payments") and incurring an aggregate of \$750,000 in expenditures (the "Rizz Expenditures") on the Rizz Project as follows:

Option Payments

- a \$25,000 Rizz Option Payment on February 25, 2022 (paid);
- a \$25,000 Rizz Option Payment on a go-public transaction;
- a \$20,000 Rizz Option Payment on or before the first anniversary of the Rizz Effective Date and;
- a \$50,000 Rizz Option Payment on or before the second anniversary of the Rizz Effective Date and

Expenditures

- incurring \$50,000 in Rizz Expenditures on or before the first anniversary of the Rizz Effective Date
- incurring an additional \$200,000 in Rizz Expenditures or before the second anniversary of the Rizz Effective Date; and
- incurring an additional \$500,000 in Rizz Expenditures or before the third anniversary of the Rizz Effective Date.

Under the terms of the Icefall Option Agreement, 1311516 may exercise the Icefall Option to acquire a 75% interest in the Icefall Project upon payment of an aggregate of \$120,000 in cash payments (the "Icefall Option Payments") and incurring an aggregate of \$700,000 in expenditures (the "Icefall Expenditures") on the Icefall Project as follows:

Option Payments

- a \$25,000 Icefall Option Payment on March 3, 2022 (paid);
- a \$25,000 Icefall Option Payment on a go-public transaction;
- a \$20,000 Icefall Option Payment on or before the first anniversary of the Icefall Effective Date and;
- a \$50,000 Icefall Option Payment on or before the second anniversary of the Icefall Effective Date

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Expenditures

- incurring \$50,000 in Icefall Expenditures on or before the first anniversary of the Icefall Effective Date;
- incurring an additional \$150,000 in Icefall Expenditures or before the second anniversary of the Icefall Effective Date and;
- incurring an additional \$500,000 in Icefall Expenditures or before the third anniversary of the Icefall Effective Date.

The Company has not been able to fulfil the option payments and expenditure requirements on or before the first anniversary of the effective date. Cloudbreak has agreed to allow the Company to hold onto this option until further notice, however, Cloudbreak still has the legal right to serve a notice of default at any time in which the Company has 30 days to remediate before the option agreement is terminated.

In August 2024, the mineral rights related to the properties were not forfeited, and as such the Company no longer has rights to this property.

7. RELATED PARTY PAYABLE

During the year ended January 31, 2025, the Company received loans from a shareholder for \$16,000. These loans payable bear an interest rate of 5% per annum, unsecured, and matures in 24 months.

8. SHARE CAPITAL

a) Authorized, issued and outstanding

On September 25, 2024 by resolution of the board of directors in accordance with the Company's articles, the Company consolidated its issued and outstanding common shares in the capital of the Company on the basis of one (1) new common share for every ten (10) issued and outstanding common shares. Unless otherwise noted, all reference to common shares, options, and warrants issued and outstanding on these consolidated financial statements have been adjusted retroactively to reflect the share consolidation.

An unlimited number of common shares without par value. As at January 31, 2025, the Company has 11,956,056 common shares outstanding.

b) Warrants

The Company has the following warrants issued and outstanding as at January 31, 2025 and 2024:

	Number	Weighted Average Exercise Price	Expiry Date
Issued in private placement	19,999,998	\$1.12	June 21, 2024
Issued as brokers warrants	549,000	\$1.12	June 21, 2024
Balance and exercisable at January 31, 2024	20,548,998	\$1.12	
Expired	(20,548,998)	(\$1.12)	
Balance at January 31, 2025	-	-	

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c) *Stock Options*

The Company has a fixed stock option plan which follows the policies of the TSX-V regarding stock option awards granted to directors, officers, employees and consultants. The current plan was adopted by the Board on October 25, 2024 (the “**Effective Date**”), and approved by the shareholders of the Corporation on December 12, 2024. The Omnibus Security Based Incentive Plan (the “**Plan**”) allows a maximum of 20% of the issued shares to be reserved for issuance under the Plan and includes options, Deferred Share Units (“**DSU**”), Performance Share Units (“**PSU**”), and Restricted Share Units (“**RSU**”). Under the Plan, the number shares reserved for issuance pursuant to DSU and PSU is 10% of the issued and outstanding shares as of the Effective Date. The number of shares reserved for the issuance pursuant to options is 10% of the issued and outstanding shares as at the time of the applicable option grant. The maximum number of shares issuable to insiders at any time under the Plan, shall not exceed 10% of the issued and outstanding shares.

The options can be granted for a maximum of 10 years and vest as determined by the Board of Directors. The RSU restriction period shall end no later than 3 years after the calendar year after the calendar year in which the performance of services for which the RSU is granted and the vesting period is determined by the Board of Directors.

Number of Options	Weighted Average Exercise Price	Remaining Life (In Years)	Expiry Date
130,000	1.00	1.20	April 13, 2026
20,000	1.00	1.39	June 21, 2026
150,000	1.00	1.22	

During the year ended January 31, 2025, the Company recognized a share-based compensation expense of \$Nil (2024 – \$3.386) representing the fair value of options granted and vested.

Stock options for the periods ended January 31, 2025 and, 2024 are:

	Number	Weighted Average Exercise Price
Balance at January 31, 2023	150,000	\$1.00
Exercisable at January 31, 2023	107,500	\$1.00
Balance at January 31 2024 and 2025	150,000	\$1.00
Exercisable at January 31, 2024 and 2025	150,000	\$1.00

9. RELATED PARTY TRANSACTIONS

Related parties include key management personnel and companies under the control of key management personnel. Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Board and corporate officers, including the Company’s current and prior Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer.

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During the years ended January 31, 2025, and 2024, key management compensation consisted of the following:

For the years ended	January 31, 2025	January 31, 2024
Consulting and management fees	\$ 53,950	\$ 127,900
Share-based compensation	-	3,386
	\$ 53,950	\$ 131,286

At January 31, 2025, included in accounts payable and accrued liabilities is \$367,789 (2024 – \$106,850) owing to individuals and companies controlled by either a director or shareholder, or an officer (current or prior) or owed directly to a director or officer (current or prior). These amounts payable are non-interest bearing, unsecured and have neither specific terms nor a date of repayment.

In addition to the amounts disclosed above, the Company has also made loans to third-party corporations that, at the time, shared common key management personnel. As at January 31, 2025, and 2024, the balance of loans are as follows:

For the years ended	January 31, 2025	January 31, 2024
Pedro Resource Ltd.	101,133	101,133
Allowance for doubtful accounts	(101,133)	(101,133)
Net loans receivable	-	-

These loans are non-interest bearing and have no fixed terms of repayment.

10. CAPITAL RISK MANAGEMENT

The Company considers its capital structure to consist of shareholders' equity (deficiency). The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board does not establish quantitative returns on capital criteria for management.

The mineral properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. Additional sources of funding, which may not be available on favourable terms, if at all, include share equity and debt financings; equity, debt or property level joint ventures; and sale of interests in existing claims. In order to carry out the planned exploration and development and pay for operating expenses, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended January 31, 2025. The Company is not subject to externally imposed capital requirements. The Company's investment policy is to invest its surplus cash in highly liquid short-term interest-bearing investments, all held within major Canadian financial institutions.

11. FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument-related risk. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Fair values

For the Company's financial instruments, including cash, sundry receivable, related party receivables, accounts payable and accrued liabilities, the carrying amounts approximate fair value due to their immediate or short-term maturity.

(b) Currency risk

The Company currently does not have any significant exposure to foreign currency risk.

(c) Credit risk

Credit risk arises from cash held with banks and financial institutions and the risk that the counterparty of related party receivables will default on its contractual obligations resulting in a financial loss to the Company. The maximum exposure to credit risk is equal to the carrying value of the financial assets. To reduce credit risk, cash is held at major financial institutions.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company has a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company tries to ensure sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. Currently, the Company's source of funding is primarily from the issuance of equity securities for cash, predominantly through private placements. As at January 31, 2025, the Company had cash of \$627 (2024 - \$6,862) and accounts payable and accrued liabilities of \$533,896 (2024 - \$164,282).

12. INCOME TAXES

(a) Rate Reconciliation

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

	January 31, 2025	January 31, 2024
Loss before income taxes	\$ (373,609)	\$ (184,141)
Statutory rate	27.0%	27.0%
Income tax provision at the statutory rate	(100,874)	(49,718)
Effect of income of:		
Share-based compensation	-	914
Other	(3,729)	7,361
Change in deferred taxes not recognized	104,603	41,443
Provision for income taxes	\$ -	\$ -

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(b) Deferred Income Taxes

The following deferred tax assets (liabilities) are not recognized in the consolidated financial statements due to the unpredictability of future income:

	January 31, 2025	January 31, 2024
Resource properties	\$ 835,198	\$ 835,198
Non-capital losses carried forward	4,642,214	4,533,486
Share issue costs and other	45,154	49,279
Equipment, intangibles and other assets	-	-
Less: Deferred taxes not recognized	(5,522,566)	(5,417,963)
	\$ -	\$ -

The Company estimates that it will have approximately \$17,195,000 of non-capital losses carried forward, which may be utilized to reduce Canadian taxable income in future years. To the extent they are not utilized, the non-capital losses carried forward expire as follows:

Expiry	Non-capital losses
2030	\$ 13,000
2031	84,000
2032	191,000
2033	300,000
2034	279,000
2035	224,000
2036	475,000
2037	593,000
2038	2,018,000
2039	8,172,000
2040	926,000
2041	366,000
2042	2,566,000
2043	391,000
2044	212,000
2045	385,000
	\$ 17,195,000

13. SUBSEQUENT EVENTS

On February 7, 2025 the Company sold mining rights to its properties located in the Municipalities of Coleman, Temiskaming Shores and Lorrain British Columbia for gross proceeds of \$50,000 to an independent third party.

On May 20, 2025 the Company announced a non-brokered private placement of up to 5,000,000 units at a price of \$0.02 per unit for gross proceeds of \$100,000. Each Unit is comprised of one common share of the Issuer (a "Share") and one common share purchase warrant (a "Warrant"). Each Warrant entitles the Subscriber to purchase one additional common share of the Company (a "Warrant Share") at a price of \$0.05 per Warrant Share for a period of four years from the Closing Date. There will be no insider participation in the Financing. The Company intends to use 60% of the proceeds from the Financing to pay the Company's auditors for the previous year's audit and the current year's audit, 10% of the proceeds for general expenses and administration and 30% of the proceeds for project evaluation and related legal fees.

On February 17, 2025, the Company signed a loan agreement with a Company controlled by a shareholder, for up to \$25,000 bearing interest of 5% per annum and matures in 24 months. To date, the Company has drawn \$23,792.11 on the loan.