



**PROSTAR HOLDINGS INC.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023**

**(UNAUDITED – PREPARED BY MANAGEMENT)  
(Expressed in United States Dollars)**

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited interim financial statements have been prepared by management and approved by the Audit Committee and Board of Directors.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

This notice is being provided in accordance with National Instrument 51-102 – Continuous Disclosure Obligations.

PROSTAR HOLDINGS INC.  
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION  
(Unaudited – Prepared By Management)  
(Expressed in United States dollars)  
AS AT,

	September 30, 2023	December 31, 2022
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 1,310,329	\$ 2,205,279
Receivables and prepayments (note 4)	236,516	224,759
	<u>1,546,845</u>	<u>2,430,038</u>
<b>Non-Current Assets</b>		
Equipment and right-of-use assets (note 5)	161,199	35,229
Intangible assets (note 6)	7,322	8,333
	<u>178,521</u>	<u>43,562</u>
<b>Total Assets</b>	<u>\$ 1,715,366</u>	<u>\$ 2,473,600</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (note 7)	\$ 392,513	\$ 230,359
Deferred revenue	449,652	240,067
Lease liabilities (note 8)	112,339	-
	<u>954,504</u>	<u>470,426</u>
<b>Lease liabilities</b> (note 8)	<u>30,932</u>	<u>-</u>
<b>Total Liabilities</b>	<u>985,436</u>	<u>470,426</u>
<b>Shareholders' Equity</b> (note 9)		
Share capital	36,048,867	33,345,604
Reserves	3,657,361	3,293,927
Accumulated other comprehensive loss	(274,264)	(227,502)
Deficit	(38,702,034)	(34,408,855)
	<u>729,930</u>	<u>2,003,174</u>
<b>Total Liabilities and Shareholders' Equity</b>	<u>\$ 1,715,366</u>	<u>\$ 2,473,600</u>

**Nature of Operations and Going Concern** (note 1)  
**Subsequent event** (note 15)

APPROVED ON BEHALF OF THE BOARD ON NOVEMBER 21, 2023

"Herb McKim"  
**Director**

"Page Tucker"  
**Director**

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

**PROSTAR HOLDINGS INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Unaudited – Prepared By Management)  
*(Expressed in United States dollars)*

	<b>For the three months ended September 30, 2023</b>	<b>For the three months ended September 30, 2022</b>	<b>For the nine months ended September 30, 2023</b>	<b>For the nine months ended September 30, 2022</b>
<b>Revenue</b>				
Sales	\$ 225,332	\$ 251,085	\$ 690,576	\$ 608,956
<b>Cost of Sales</b>	<b>(41,792)</b>	<b>(43,585)</b>	<b>(127,799)</b>	<b>(125,934)</b>
<b>Gross Margin</b>	<b>183,540</b>	<b>207,500</b>	<b>562,777</b>	<b>483,022</b>
<b>Expenses</b>				
Management	206,667	150,000	509,167	450,000
Information technology	30,766	30,121	91,950	94,453
Product development	295,602	224,498	814,352	842,112
Sales and marketing	248,097	230,323	881,394	721,298
Consulting	76,015	51,740	221,085	105,788
Depreciation	30,019	37,916	90,490	111,242
Foreign exchange	(14,011)	1,137	(12,544)	1,380
Insurance	7,182	6,753	27,518	24,413
Investor relations	200,808	64,562	259,583	220,284
Office & miscellaneous	39,673	28,591	105,338	94,631
Professional fees	313,478	251,755	800,611	570,292
Rent	-	13,890	-	22,013
Salaries and wages	70,924	57,439	210,870	197,478
Share-based payments (note 9)	180,644	351,848	407,053	508,805
Software support	51,880	40,414	135,635	114,987
Transfer agent and filing fees	15,007	5,534	36,060	29,855
Travel	71,436	46,102	274,355	180,555
	<b>(1,824,187)</b>	<b>(1,592,623)</b>	<b>(4,852,917)</b>	<b>(4,289,586)</b>
	<b>(1,640,647)</b>	<b>(1,385,123)</b>	<b>(4,290,140)</b>	<b>(3,806,564)</b>
<b>Other items</b>				
Interest income	40	19,020	14,783	32,211
Finance costs (note 8)	(5,196)	(1,905)	(17,822)	(7,902)
	<b>(5,156)</b>	<b>17,115</b>	<b>(3,039)</b>	<b>24,309</b>
<b>Loss for the period</b>	<b>(1,645,803)</b>	<b>(1,368,008)</b>	<b>(4,293,179)</b>	<b>(3,782,255)</b>
<b>Other comprehensive loss:</b>				
Exchange difference on translation of parent	(34,202)	(214,095)	(46,762)	(287,301)
<b>Loss and comprehensive loss for the period</b>	<b>\$ (1,680,005)</b>	<b>\$ (1,582,103)</b>	<b>\$ (4,339,941)</b>	<b>\$ (4,069,556)</b>
<b>Weighted Average Number of Common Shares Outstanding</b>				
Basic and Diluted	126,023,086	116,861,084	119,948,645	116,860,850
<b>Loss Per Share</b>				
Basic and Diluted	\$ (0.01)	\$ (0.01)	\$ (0.04)	\$ (0.03)

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

**PROSTAR HOLDINGS INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30**  
(Unaudited – Prepared By Management)  
*(Expressed in United States dollars)*

	<b>2023</b>	<b>2022</b>
<b>Cash Flows used in Operating Activities</b>		
Loss for the period	\$ (4,293,179)	\$ (3,782,255)
Non-cash items		
Depreciation	90,490	111,242
Accrued interest and finance expense	-	7,902
Share-based payments	407,053	508,805
Finance expense on lease liability	17,822	-
Loss on sale of equipment	-	61
Changes in non-cash working capital items:		
Receivables and prepayments	(11,581)	(161,936)
Accounts payable and accrued liabilities	162,158	(11,956)
Deferred revenue	209,585	55,126
	<u>(3,417,652)</u>	<u>(3,273,011)</u>
<b>Cash Flows used in Investing Activities</b>		
Purchase of equipment	-	(6,084)
Disposal of equipment	-	550
	<u>-</u>	<u>(5,534)</u>
<b>Cash Flows provided by (used in) Financing Activities</b>		
Proceeds from exercise of options	33,731	-
Proceeds from exercise of warrants	-	5,056
Private placement	2,689,394	-
Share issuance costs	(63,481)	-
Repayment of lease liability	(90,000)	(104,822)
	<u>2,569,644</u>	<u>(99,766)</u>
<b>Change in cash during the period</b>	<b>(848,008)</b>	<b>(3,378,311)</b>
<b>Effect of foreign exchange on cash</b>	<b>(46,942)</b>	<b>(288,596)</b>
<b>Cash – beginning of period</b>	<b>2,205,279</b>	<b>7,025,470</b>
<b>Cash – end of period</b>	<b>\$ 1,310,329</b>	<b>\$ 3,358,563</b>

**Supplemental Cash Flow Information** (note 11)

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

**PROSTAR HOLDINGS INC.**  
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY  
(Unaudited – Prepared By Management)  
*(Expressed in United States dollars)*

	Shares	Share Capital	Reserves	Accumulated Other Comprehensive Income (Loss)	Deficit	Total
<b>Balance – December 31, 2021</b>	116,845,084	\$ 33,329,984	\$ 2,593,729	\$ 28,507	\$ (29,365,097)	\$ 6,587,123
Exercise of warrants	16,000	15,620	(10,564)	-	-	5,056
Share-based payments	-	-	508,805	-	-	508,805
Net comprehensive loss for the period	-	-	-	(287,301)	(3,782,255)	(4,069,556)
<b>Balance – September 30, 2022</b>	116,861,084	33,345,604	3,091,970	(258,794)	(33,147,352)	3,031,428
Share-based payments	-	-	201,957	-	-	201,957
Net comprehensive loss for the period	-	-	-	31,292	(1,261,503)	(1,230,211)
<b>Balance – December 31, 2022</b>	116,861,084	33,345,604	3,293,927	(227,502)	(34,408,855)	2,003,174
Exercise of options	182,500	77,350	(43,619)	-	-	33,731
Private placement	11,833,334	2,689,394	-	-	-	2,689,394
Share issuance costs	-	(63,481)	-	-	-	(63,481)
Share-based payments	-	-	407,053	-	-	407,053
Net comprehensive loss for the period	-	-	-	(46,762)	(4,293,179)	(4,339,941)
<b>Balance – September 30, 2023</b>	128,876,918	\$ 36,048,867	\$ 3,657,361	\$ (274,264)	\$ (38,702,034)	\$ 729,930

The accompanying notes are an integral part of these condensed consolidated interim financial statements

**PROSTAR HOLDINGS INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND 2022**

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*(figures in tables are expressed in United States dollars, except per share amounts)*

**1. Nature of Operations**

ProStar Holdings Inc (“PHI” or the “Company”) was incorporated under the Business Corporations Act (British Columbia) on February 13, 2007. The principal business of the Company is a developer of Software-as-a-Service (“SaaS”)-based solutions, providing patented Geospatial Intelligence Software designed to enhance the management and maintenance of the asset lifecycle for asset centric industries. The Company is listed on the Toronto Stock Exchange Venture (“TSXV”), as a Tier 2 technology issuer on the TSXV and trades under the symbol MAPS.

The Company maintains its registered office at 1000-595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5 and keeps its records at 1507-1030 West Georgia Street, Vancouver, British Columbia, Canada, V6E 2Y3.

These condensed consolidated interim 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. Realization values may be substantially different from carrying values as recorded in these condensed consolidated interim financial statements. These condensed consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. As at September 30, 2023, the Company had not achieved profitable operations, had accumulated a deficit of \$38,702,034 since inception and expects to incur further operating losses as it develops and expands its business. The Company’s ability to continue as a going concern is dependent upon the ability to develop its business units, develop marketable software, potentially find, acquire and develop various other business segments with growth potential, its ability to obtain the necessary financing to carry out this strategy, and to meet its corporate overhead needs and discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These material uncertainties may cast significant doubt about the ability of the Company to continue as a going concern.

**2. Basis of Preparation**

**Statement of Compliance**

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with IFRS issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

**Basis of Presentation**

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The condensed consolidated interim financial statements of the Company are presented in United States Dollars, unless stated otherwise.

**Basis of Consolidation**

These condensed consolidated interim financial statements include the financial statements of the Company and the entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the condensed consolidated interim financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

The condensed consolidated interim financial statements include the financial statements of the Company and its 100% owned subsidiary, ProStar Geocorp Inc., Delaware, United States.

**PROSTAR HOLDINGS INC.**  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND 2022

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*(figures in tables are expressed in United States dollars, except per share amounts)*

**2. Basis of Preparation (cont'd...)**

**Significant accounting judgments, estimates, and assumptions**

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year. Actual results could differ from these estimates.

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

**Critical accounting judgments**

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below.

*Revenue and deferred revenue*

Revenue is recognized when the revenue recognition criteria expressed in the accounting policy stated below for Revenue Recognition have been met. Judgment may be required when allocating revenue or discounts on sales amongst the various elements in a sale involving multiple performance obligations.

*Functional currency*

The functional currency of an entity is assessed on a standalone basis to determine the economic substance of the currency in which each entity performs its operations. The functional currency of the Company is the Canadian dollar and the functional currency of its wholly owned subsidiary, ProStar Geocorp Inc., is the United States dollar.

*Estimate useful life*

The useful life of some of the Company's non-current assets is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar business, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any non-current asset would increase the recorded operating expenses and decrease long-term assets.

*Impairment of accounts receivable*

The Company exercises judgment in identifying impaired accounts receivable, the collection of which may be uncertain.

*Deferred income tax*

The Company has not recognized a deferred tax asset as management believes it is not probable that taxable profit will be available against which deductible temporary differences can be utilized.

*Going concern*

The assessment of the Company's ability to continue as a going concern involves critical judgment based on historical experience. Significant judgments are used in the Company's assessment of its ability to continue as a going concern which are described in Note 1.

**PROSTAR HOLDINGS INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND 2022**

*(figures in tables are expressed in United States dollars, except per share amounts)*

**2. Basis of Preparation (cont'd...)**

*Software development costs*

Management monitors progress of internal research and development projects. Significant judgment is required in distinguishing research from the development phase. Development costs are recognized as an asset when all the criteria are met, whereas research costs are expensed as incurred. Judgement is required when determining when development is complete, the software may be commercially released and if incremental features and functionality will generate enough incremental revenue to warrant capitalization. The Company's management monitors, at each reporting period, whether the recognition requirements for development costs are or continue to be met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems after the time of recognition.

**Critical accounting estimates**

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

Share-based payment

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them (Note 9).

Right-of-use assets and lease liability

The Company uses estimation in determining the incremental borrowing rate used to measure the lease liability, specific to the asset, underlying currency, and geographic location. Where the rate implicit in the lease is not readily determinable, the discount rate of the lease obligations is estimated using a discount rate similar to the Company's specific borrowing rate. This rate represents the rate that the Company would incur to obtain the funds necessary to purchase the asset of a similar value, with similar payment terms and security in a similar environment.

**3. Significant Accounting Policies**

The accounting policies applied in preparation of these condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company's annual financial statements for the year ended December 31, 2022.

**4. Receivables and prepayments**

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Trade receivables	\$ 82,386	\$ 133,150
Other receivables and prepayments	154,130	91,609
	<b>\$ 236,516</b>	<b>\$ 224,759</b>

**PROSTAR HOLDINGS INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND 2022***(figures in tables are expressed in United States dollars, except per share amounts)***5. Equipment and Right-of-Use Assets**

	Office furniture and equipment	Computer equipment and software	Survey equipment	Right-of-use assets (Office leases)	Total
<b>Cost</b>					
Balance – December 31, 2021	\$ 42,645	\$ 128,657	\$ 13,498	\$ 280,522	\$ 465,322
Additions	-	6,084	-	-	6,084
Disposals	-	(2,073)	-	(280,522)	(282,595)
Balance – December 31, 2022	42,645	132,668	13,498	-	188,811
Additions	-	-	-	215,449	215,449
Balance – September 30, 2023	\$ 42,645	\$ 132,668	\$ 13,498	\$ 215,449	\$ 404,260
<b>Accumulated Depreciation</b>					
Balance – December 31, 2021	\$ 23,556	\$ 96,152	\$ 9,569	\$ 132,429	\$ 261,706
Depreciation	5,659	18,804	1,300	122,724	148,487
Disposals	-	(1,458)	-	(255,153)	(256,611)
Balance – December 31, 2022	29,215	113,498	10,869	-	153,582
Depreciation	3,142	7,243	610	78,484	89,479
Balance – September 30, 2023	\$ 32,357	\$ 120,741	\$ 11,479	\$ 78,484	\$ 243,061
Balance – December 31, 2022	\$ 13,430	\$ 19,170	\$ 2,629	\$ -	\$ 35,229
Balance – September 30, 2023	\$ 10,288	\$ 11,927	\$ 2,019	\$ 136,965	\$ 161,199

**6. Intangible assets**

	Patent
<b>Cost</b>	
Balance – December 31, 2021, 2022 and September 30, 2023	\$ 505,000
<b>Accumulated Amortization</b>	
Balance – December 31, 2021	\$ 496,000
Amortization	667
Balance – December 31, 2022	496,667
Amortization	1,011
Balance – September 30, 2023	\$ 497,678
Balance – December 31, 2022	\$ 8,333
Balance – September 30, 2023	\$ 7,322

*Patents*

A total of \$505,000 had been expended to acquire certain patents. The patents are being amortized over a period of 15 years.

**PROSTAR HOLDINGS INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND 2022***(figures in tables are expressed in United States dollars, except per share amounts)***7. Accounts Payable and Accrued Liabilities**

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Trade accounts payable	\$ 299,106	\$ 142,818
Payroll liabilities	93,407	87,541
	<b>\$ 392,513</b>	<b>\$ 230,359</b>

**8. Lease liabilities**

The changes in lease liabilities is shown in the table below:

<b>Lease liabilities</b>	
<b>Balance, December 31, 2021</b>	\$ 159,327
Accrued finance expense	9,940
Lease payments	(139,968)
Termination of lease	(29,299)
<b>Balance, December 31, 2022</b>	-
Recognition of lease liability	215,449
Accrued finance expense	17,822
Lease payments	(90,000)
<b>Balance, September 30, 2023</b>	\$ 143,271
Current	\$ 112,339
Long-term	\$ 30,932

During the year ended December 31, 2022, the Company had two office leases, one which was terminated during the year resulting in a gain on termination of lease of \$3,926 and a second lease which ended on December 31, 2022. On January 1, 2023, the Company entered into a new two-year lease. The Company applied an incremental borrowing rate of 9.00%.

**9. Share Capital****(a) Authorized Share Capital**

An unlimited number of common shares without par value.

**(b) Common Shares**

During the period ended September 30, 2023 the Company completed a non-brokered financing and issued a total of 11,833,334 units (the "Units") at a price of \$0.23 (CAD\$0.30) per Unit for gross proceeds of \$2,689,394 (CAD\$3,550,000). Each Unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase a common share at an exercise price of CAD\$0.45 for a period of 24 months. The Company paid a total of \$23,281 (CAD\$30,732) in finders' fees and \$40,200 (CAD\$53,139) in other share issuance costs.

During the year ended December 31, 2022 the Company did not complete any financings.

**PROSTAR HOLDINGS INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND 2022**

*(figures in tables are expressed in United States dollars, except per share amounts)*

**9. Share Capital (cont'd...)**

**(c) Escrow**

As at September 30, 2023, the Company had 2,577,852 common shares in escrow which will be released on December 31, 2023. The escrow shares may not be transferred, assigned, or otherwise dealt with without the consent of the regulatory authorities.

**Stock options and warrants**

Stock option and warrant transactions are summarized as follows:

	Stock options		Warrants	
	Number	Weighted Average Exercise Price CAD	Number	Weighted Average Exercise Price CAD
Outstanding, December 31, 2021	8,800,000	\$ 0.45	32,427,639	\$ 0.57
Granted	2,604,000	0.27	-	-
Exercised	-	-	(16,000)	0.40
Expired/Cancelled	(560,000)	0.57	(17,768,414)	0.57
Outstanding, December 31, 2022	10,844,000	0.33	14,643,225	0.57
Granted	3,215,000	0.29	-	-
Exercised	(182,500)	0.25	-	-
Issued	-	-	5,916,667	0.45
Expired/Cancelled	(950,000)	0.25	(815,100)	0.96
Outstanding, September 30, 2023	12,926,500	\$ 0.26	19,744,792	\$ 0.52
Exercisable, September 30, 2023	11,866,916	\$ 0.32	19,744,792	\$ 0.52

The following stock options were outstanding as at September 30, 2023:

Exercise Price	Outstanding	Exercisable	Expiry	Remaining Life (Years)
CAD\$0.40	4,900,000	4,900,000	December 29, 2025	2.25
CAD\$0.25	1,297,500	1,297,500	December 29, 2025	2.25
CAD\$0.25	125,000	125,000	January 25, 2026	2.32
CAD\$0.25	125,000	125,000	January 29, 2026	2.33
CAD\$0.25	125,000	125,000	February 26, 2026	2.41
CAD\$0.25	110,000	110,000	April 13, 2026	2.54
CAD\$0.25	50,000	50,000	May 26, 2026	2.65
CAD\$0.65	125,000	93,750	July 8, 2026	2.77
CAD\$0.25	250,000	250,000	August 9, 2026	2.86
CAD\$0.25	550,000	383,333	December 10, 2026	3.20
CAD\$0.45	375,000	283,333	April 22, 2027	3.20
CAD\$0.25	1,679,000	1,629,000	September 9, 2027	3.56
CAD\$0.20	730,000	676,667	January 20, 2028	3.95
CAD\$0.20	300,000	300,000	April 26, 2028	4.31
CAD\$0.28	500,000	500,000	June 29, 2028	4.58
CAD\$0.30	685,000	685,000	August 10, 2028	4.87
CAD\$0.28	1,000,000	333,333	September 21, 2028	4.98
	12,926,500	11,866,916		

**PROSTAR HOLDINGS INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND 2022**

*(figures in tables are expressed in United States dollars, except per share amounts)*

**9. Share Capital (cont'd...)**

The following warrants were outstanding as at September 30, 2023:

<b>Exercise Price</b>	<b>Number</b>	<b>Expiry</b>	<b>Remaining Life (Years)</b>
Warrants:			
CAD\$0.56	12,750,000	November 24, 2023	0.15
CAD\$0.45	5,916,667	July 21, 2025	1.81
	<u>18,666,667</u>		
Broker Warrants:			
CAD\$0.40	1,006,250	November 24, 2023	0.15
CAD\$0.56	71,875	November 24, 2023	0.15
	<u>1,078,125</u>		

**10. Management of Capital**

The capital managed by the Company includes the components of shareholders' equity as described in the statements of shareholders' equity. The Company is not subject to externally imposed capital requirements.

The Company's objectives of capital management are to create long-term value and economic returns for its shareholders. It does this by seeking to maximize the availability of funds for growth and development of its projects, and to support the working capital required to maintain its ability to continue as a going concern. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its assets, seeking to limit shareholder dilution and optimize its cost of capital while maintaining an acceptable level of risk. To maintain or adjust its capital structure, the Company considers all sources of finance reasonably available to it, including but not limited to issuance of new capital, issuance of new debt and the sale of assets in whole or in part. The Company has not changes its capital management strategy during the period ended September 30, 2023.

**11. Supplemental Cash Flow Information**

During the period ended September 30, 2023, the Company entered into lease agreements and recognized right of use assets and lease liabilities of \$215,449.

There were no material non-cash transactions during the period ended September 30, 2022.

**12. Related Party Transactions**

During the period ended September 30, 2023, the Company paid or accrued, to key management personnel, directors and their related companies:

	<b>2023</b>	<b>2022</b>
Chief Executive Officer	\$ 225,000	\$ 225,000
Former Chief Operating Officer	242,500	225,000
Chief Technology Officer	41,667	-
Chief Financial Officer	90,000	90,000
Consulting fees	45,000	-
Share-based payments	229,579	209,633
<b>Total</b>	<b>\$ 873,746</b>	<b>\$ 749,633</b>

Included in receivables and prepayments is travel advances to an officer of \$35,875 (December 31, 2022 - \$13,889). Included in accounts payable and accrued liabilities is \$10,518 (December 31, 2022 - \$289) due to an officer of the Company.

**PROSTAR HOLDINGS INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND 2022**

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*(figures in tables are expressed in United States dollars, except per share amounts)*

**13. Financial Risk Management**

**Fair value of financial instruments**

The Company classifies the fair value of its financial instruments according to a fair value hierarchy based on the significance of observable inputs used to value the instrument as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Unobservable inputs for the asset or liability.

As at September 30, 2023 the Company does not carry any financial instruments at fair value and believes that the carrying values of cash, receivables, and accounts payable and accrued liabilities approximate their fair values because of their nature and/or relatively short maturity dates or durations.

**Classification of financial instruments**

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities and lease liabilities. The Company classifies its cash and receivables, as loans and receivables, which are measured at amortized cost. The accounts payable and accrued liabilities and lease liabilities are classified as other financial liabilities, which are measured at amortized cost.

**Financial and capital risk management**

The Company examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include market risk, foreign currency risk, interest rate risk, credit risk, and liquidity risk. These risks are reviewed and monitored by the Board of Directors.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Discussions of risks associated with financial assets and liabilities are detailed below:

*Market Risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the fair value or future cash flows of a financial instrument. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. As at September 30, 2023 the Company was not subject to significant market risk.

*Foreign currency risk*

The international nature of the Company's operations results in foreign exchange risk. Fluctuations in the exchange rate between the Canadian dollar and US dollar may have an adverse effect on the Company's business and costs to proceed with preferred vendors. Management believes the foreign exchange risk derived from currency conversions is not significant and therefore does not hedge its foreign exchange risk.

*Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk mainly arises from changes in the interest rates on cash. Cash generates interest based on market interest rates. As at September 30, 2023, the Company was not subject to material interest rate risk.

**PROSTAR HOLDINGS INC.**  
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*(figures in tables are expressed in United States dollars, except per share amounts)*

**13. Financial Risk Management (cont'd...)**

**Financial and capital risk management (cont'd...)**

*Credit Risk*

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash and receivables. The Company holds cash at a major Canadian and United States banks in chequing accounts.

*Liquidity Risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by maintaining adequate cash balances. If necessary, the Company may raise funds through the issuance of debt, or equity. The Company ensures that there is sufficient capital to meet its obligations by continuously monitoring and reviewing actual and forecasted cash flows and matching the maturity profile of financial assets to development, capital and operating needs.

**14. Segmented Information**

The Company operates in one reportable segment, providing Geospatial Intelligence Software for asset centric industries and earns revenue in one region, North America.

**15. Subsequent Event**

Subsequent to September 30, 2023, the Company issued 241,006 common shares of the Company at a price of CAD\$0.34 per share in settlement of payment owed, totalling \$60,000 (CAD\$81,942).