
HYDAWAY VENTURES CORP.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED AUGUST 31, 2024 AND 2023
(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)

HYDAWAY VENTURES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT AUGUST 31, 2024 AND FEBRUARY 29, 2024
(Unaudited – Expressed in Canadian dollars)

| | August 31, 2024 | February 29, 2024 (Audited) |
|--|--------------------|-----------------------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 120,368 | \$ 145,966 |
| Amounts receivable | 9,799 | 7,369 |
| Prepaid expenses | 2,775 | 5,550 |
| TOTAL ASSETS | \$ 132,942 | \$ 158,885 |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 19,381 | \$ 25,827 |
| EQUITY | | |
| SHARE CAPITAL (Note 4) | 305,970 | 267,525 |
| RESERVES (Note 4) | 20,849 | 34,294 |
| DEFICIT | (213,258) | (168,761) |
| TOTAL EQUITY | 113,561 | 133,058 |
| TOTAL LIABILITIES AND EQUITY | \$ 132,942 | \$ 158,885 |

NATURE OF BUSINESS AND GOING CONCERN (Note 1)

Approved on behalf of the Board:

“Michael Leo”
Director

“Gregory Bronson”
Director

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

HYDAWAY VENTURES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE THREE AND SIX MONTHS ENDED AUGUST 31, 2024 AND 2023
(Unaudited – Expressed in Canadian dollars)

| | Three months ended | | Six months ended | |
|--|---------------------------|--------------------|-------------------------|--------------------|
| | August 31, | | August 31, | |
| | 2024 | 2023 | 2024 | 2023 |
| EXPENSES | | | | |
| Filing fees | \$ 6,590 | \$ 2,183 | \$ 8,127 | \$ 3,730 |
| Office expenses | 1,573 | 2,742 | 3,141 | 5,135 |
| Professional fees | 17,484 | 21,934 | 33,229 | 28,204 |
| NET LOSS AND COMPREHENSIVE LOSS FOR | | | | |
| THE PERIOD | \$ (25,647) | \$ (26,859) | \$ (44,497) | \$ (37,069) |
| LOSS PER SHARE – BASIC AND DILUTED | | | | |
| | \$ (0.01) | \$ (0.01) | \$ (0.02) | \$ (0.01) |
| WEIGHTED AVERAGE NUMBER OF COMMON | | | | |
| SHARES OUTSTANDING – BASIC AND | | | | |
| DILUTED | 2,543,478 | 2,500,000 | 2,521,622 | 2,500,000 |

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HYDAWAY VENTURES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED AUGUST 31, 2024 AND 2023
(Unaudited – Expressed in Canadian dollars)

| | 2024 | 2023 |
|--|-------------------|-------------------|
| OPERATING ACTIVITIES | | |
| Net loss for the period | \$ (44,497) | \$ (37,069) |
| Changes in operating assets and liabilities: | | |
| Amounts receivable | (2,430) | (1,603) |
| Prepaid expenses | 2,775 | 4,345 |
| Accounts payable and accrued liabilities | (6,446) | (1,801) |
| Cash used in operating activities | (50,598) | (36,128) |
| FINANCING ACTIVITY | | |
| Issuance of common shares | 25,000 | - |
| Cash provided by financing activity | 25,000 | - |
| CHANGE IN CASH | (25,598) | (36,128) |
| CASH, BEGINNING OF PERIOD | 145,966 | 198,731 |
| CASH, END OF PERIOD | \$ 120,368 | \$ 162,603 |

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HYDAWAY VENTURES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED AUGUST 31, 2024 AND 2023
(Unaudited – Expressed in Canadian dollars)

| | Common shares | | Reserves | Deficit | Total equity |
|--|------------------|------------|-----------|--------------|--------------|
| | Number of shares | Amount | | | |
| Balance at February 28, 2023 | 4,500,001 | \$ 267,525 | \$ 34,294 | \$ (101,026) | \$ 200,793 |
| Net loss for the period | - | - | - | (37,069) | (37,069) |
| Balance at August 31, 2023 | 4,500,001 | 267,525 | 34,294 | (138,095) | 163,724 |
| Balance at February 29, 2024 | 4,500,001 | 267,525 | 34,294 | (168,761) | 133,058 |
| Shares issued for exercise of warrants | 250,000 | 38,445 | (13,445) | - | 25,000 |
| Net loss for the period | - | - | - | (44,497) | (44,497) |
| Balance at August 31, 2024 | 4,750,001 | \$ 305,970 | \$ 20,849 | \$ (213,258) | \$ 113,561 |

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

HYDAWAY VENTURES CORP.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED AUGUST 31, 2024 AND 2023
(Unaudited – Expressed in Canadian dollars)

1. NATURE OF BUSINESS AND GOING CONCERN

Hydaway Ventures Corp. (“the Company”) was incorporated on January 29, 2021 under the laws of British Columbia. The address of the Company’s corporate office and its principal place of business is 208A - 980 West 1st Street, North Vancouver, British Columbia, Canada.

The Company currently has no operating business and is a Capital Pool Company as defined in the TSX Venture Exchange (“TSX.V”) Policy 2.4. The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction under Policy 2.4.

On August 23, 2022, the Company successfully completed its initial public offering (the “IPO”) and issued 2,500,000 shares of the Company at a price of \$0.10 per share for gross proceeds of \$250,000. The Company’s common shares were listed on the TSX.V effective August 23, 2022, with its common shares commencing trading on the TSX.V on August 25, 2022 under the trading symbol “HIDE.P”.

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. As at August 31, 2024, the Company has not generated any revenues or cash flows from operations and has an accumulated deficit of \$213,258. The Company’s ability to continue as a going concern is dependent upon raising additional capital to complete the acquisition of an asset or business and the achievement of profitable operations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. These condensed interim consolidated financial statements do not reflect adjustments that may be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in conformity with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company’s audited financial statements for the year ended February 29, 2024. They do not include all the information required for complete annual financial statements in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and therefore should be read together with the audited financial statements for the year ended February 29, 2024.

Approval of the Financial Statements

The condensed interim consolidated financial statements of the Company were authorized for issuance by the Board of Directors on October 23, 2024.

Basis of Measurement

These condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

Consolidation

These condensed interim consolidated financial statements include the financial statements of the Company and its wholly-owned and controlled subsidiary, 1491386 B.C. Ltd., incorporated in British Columbia on July 9, 2024.

Control is achieved when the Company has the power to, directly or indirectly, govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is obtained, and continue to be consolidated until the date that such control ceases. Intercompany balances, transactions and unrealized intercompany gains and losses are eliminated upon consolidation.

Foreign currencies

The presentation currency of the Company is the Canadian dollar. The functional currency of the Company and 1491386 B.C. Ltd. is the Canadian dollar.

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3. MATERIAL ACCOUNTING POLICY INFORMATION

a) Significant Accounting Estimates and Judgements

The preparation of these condensed interim consolidated 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 reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Significant accounting estimates

- i. the measurement of deferred income tax assets and liabilities
- ii. the determination of fair value for share-based payments related to incentive stock options and compensation warrants granted, modified or settled

Significant accounting judgments

- i. the evaluation of the Company's ability to continue as a going concern

b) Adoption of New Accounting Standards

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be significant.

4. SHARE CAPITAL

a) Authorized: Unlimited number of common shares without par value.

b) Escrow Shares

As at August 31, 2024, 2,000,001 common shares were held in escrow (February 29, 2024 – 2,000,001) to be released pro-rata to the shareholders as to 25% on the closing date of the QT with the remaining escrow shares being released in three equal tranches of 25% every six months for a period of 18 months. These escrow shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities.

c) Outstanding as at August 31, 2024 – 4,750,001 common shares (February 29, 2024 – 4,500,001).

During the six months ended August 31, 2024, the Company issued 250,000 common shares pursuant to the exercise of Agent's warrants for total gross proceeds of \$25,000. \$13,445 was transferred from reserves to share capital as a result.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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d) Stock Options

On May 3, 2022, the Company adopted a stock option plan (the “Stock Option Plan”), which was amended and restated on August 13, 2024 and provides that, subject to the requirements of the TSX.V, the aggregate number of securities reserved for issuance will be 10% of the number of the Company’s common shares issued and outstanding at the time such options are granted. Options may be granted under the Stock Option Plan to the directors, officers, employees, management or consultants of the Company and its affiliates, if any, as the Board of Directors may from time to time designate. The Stock Option Plan provides that the number of common shares that may be reserved for issuance to any one individual upon exercise of all stock options held by such individual may not exceed 5% of the issued common shares, if the individual is a director, officer, employee or consultant, or 2% of the issued common shares, if the individual is engaged in providing investor relations services, on a yearly basis. All options granted under the Stock Option Plan will expire not later than the date that is ten years from the date that such options are granted. Options terminate earlier as follows: (i) immediately in the event of dismissal with cause; (ii) 90 days from date of termination other than for cause; or (iii) one year from the date of death or disability.

The changes in the stock options for the six months ended August 31, 2024 are as follows:

| | Number of options | Weighted average exercise price (per share) |
|--|------------------------------|--|
| Outstanding and exercisable, February 29, 2024 and August 31, 2024 | 275,000 | \$0.10 |

The balance of options outstanding as at August 31, 2024 was as follows:

| Expiry date | Exercise price | Remaining life (years) | Options Outstanding | Unvested | Vested |
|--------------------|---------------------------|---------------------------------------|--------------------------------|-----------------|---------------|
| August 23, 2027 | \$0.10 | 2.98 | 275,000 | - | 275,000 |

e) Agent’s Warrants

The changes in the Agent’s warrants for the year ended February 29, 2024 and six months ended August 31, 2024 are as follows:

| | Number of Agent’s warrants | Weighted average exercise price (per share) |
|---------------------------|---|--|
| Balance February 29, 2024 | 250,000 | \$0.10 |
| Exercised | (250,000) | \$0.10 |
| Balance, August 31, 2024 | - | - |

There were no Agent’s warrants outstanding as at August 31, 2024.

5. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”). During the three and six months ended August 31, 2024, the Company incurred \$nil and \$nil, respectively, in key management compensation (2023 - \$nil and \$nil, respectively).

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6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

IFRS 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

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

Fair Value of Financial Instruments

The Company's financial assets include cash and are classified as Level 1. The fair value of accounts payable and accrued liabilities approximates its carrying value due to the short term to maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at August 31, 2024 were as follows:

| | Carrying amount | Fair value measurement using | | |
|------|-----------------|------------------------------|---------|---------|
| | | Level 1 | Level 2 | Level 3 |
| Cash | \$ 120,368 | \$ 120,368 | \$ - | \$ - |

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at February 29, 2024 were as follows:

| | Carrying amount | Fair value measurement using | | |
|------|-----------------|------------------------------|---------|---------|
| | | Level 1 | Level 2 | Level 3 |
| Cash | \$ 145,966 | \$ 145,966 | \$ - | \$ - |

Financial Risk Management Objectives and Policies

The risks associated with the Company's financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency Risk

The Company's assets, liabilities and expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk, the Company places these instruments with a high-quality financial institution. As at August 31, 2024, the Company's maximum credit risk is \$120,368.

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Interest Rate Risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

Liquidity Risk

In the management of liquidity risk, the Company intends to maintain an adequate amount of working capital to continue its operation and achieve its business objectives. Management closely monitors the Company's liquidity position and intends to complete future equity financings. As at August 31, 2024, the Company has contractual obligations of \$19,381 due within the next twelve months.

7. QUALIFYING TRANSACTION

On August 30, 2024, the Company entered into an amalgamation agreement (the "Amalgamation Agreement"), which was amended on October 16, 2024, with 1491386 BC Ltd. ("Hydaway Sub") and DMT Digital Corp., a company incorporated in British Columbia ("DMT"), whereby the Company will acquire all of the issued and outstanding common shares of DMT (the "DMT Shares") by means of a "three-cornered amalgamation" (the "Acquisition") whereby Hydaway Sub and DMT will amalgamate and continue as one company, as a wholly-owned subsidiary of the Company.

The Acquisition is intended to serve as the Company's proposed qualifying transaction (the "Qualifying Transaction"). Upon completion of the Qualifying Transaction, the Company anticipates it will be a Tier 2 industrial issuer on the TSX.V.

Pursuant to the Amalgamation Agreement, each shareholder of DMT (each, a "DMT Shareholder" and collectively, the "DMT Shareholders") immediately prior to the closing of the Acquisition (the "Closing") will receive one common share (a "Common Share") in the capital of the Company for every one DMT Share held. In addition to the escrow and resale restrictions pursuant to the policies of the TSX.V and applicable securities laws, the Common Shares issued to the DMT Shareholders will be subject to voluntary restrictions on resale, of which 20% of the Common Shares will be released on the date that is one month following Closing and an additional 20% of the Common Shares will be released every month thereafter. The voluntary restrictions on resale does not apply to DMT Shareholders holding less than 5,000 Common Shares immediately following the Closing.

The warrant holders of DMT immediately prior to Closing (the "DMT Warrant holders") will receive one Common Share purchase warrants (the "Warrants") for every one DMT Share purchase warrant (a "DMT Warrant") held, and each DMT Warrant holder will receive Warrants exercisable to acquire such number of Common Shares as is equal to the number of DMT Shares issuable under each such DMT Warrant at an exercise price equal to the exercise price of such DMT Warrant until the expiry date of such DMT Warrant.

The Company will complete a concurrent private placement (the "Concurrent Private Placement") of a minimum of 5,000,000 Common Shares and a maximum of 10,000,000 at a price of \$0.10 per Common Share for aggregate gross proceeds of a minimum of \$500,000 and a maximum of \$1,000,000, concurrently with or prior to Closing. Subject to exchange approval, the Company may pay a finder's fee in cash, Common Shares or Warrants in connection with the Concurrent Private Placement.

The Qualifying Transaction is subject to the approval of the DMT Shareholders, the acceptance by TSX.V, the completion of the Concurrent Private Placement and the satisfaction of other customary conditions. The Qualifying Transaction is not subject to the approval of the shareholders of the Company.