

# **Cranstown Capital Corp.**

(A Capital Pool Company)

Financial Statements

For the three and six months ended September 30, 2024

CRANSTOWN CAPITAL CORP.  
Statement of Financial Position  
(Expressed in Canadian Dollars)

|                                                   | As at<br>September 30, 2024 |                | As at<br>March 31, 2024 |                |
|---------------------------------------------------|-----------------------------|----------------|-------------------------|----------------|
| <b>Assets</b>                                     |                             |                |                         |                |
| <b>Current Assets</b>                             |                             |                |                         |                |
| Cash                                              | \$                          | 368,072        | \$                      | 403,053        |
| <b>Total Assets</b>                               | <b>\$</b>                   | <b>368,072</b> | <b>\$</b>               | <b>403,053</b> |
| <b>Liabilities</b>                                |                             |                |                         |                |
| <b>Current Liabilities</b>                        |                             |                |                         |                |
| Accounts payable and accrued liabilities          | \$                          | 6,415          | \$                      | 11,578         |
| <b>Total Liabilities</b>                          |                             | 6,415          |                         | 11,578         |
| Share capital (Note 4)                            |                             | 546,461        |                         | 546,461        |
| Contributed surplus                               |                             | 82,081         |                         | 82,081         |
| Deficit                                           |                             | (266,885)      |                         | (237,067)      |
| <b>Total Shareholders' Equity</b>                 |                             | <b>361,657</b> |                         | <b>391,475</b> |
| <b>Total Liabilities and Shareholders' Equity</b> | <b>\$</b>                   | <b>368,072</b> | <b>\$</b>               | <b>403,053</b> |

Approved by the Board of Directors

Director (signed by) "Dimitry Serov"

Director (signed by) "Mark Goodman"

*The accompanying notes form an integral part of these financial statements*

CRANSTOWN CAPITAL CORP.  
Statement of Loss and Comprehensive Loss  
(Expressed in Canadian Dollars)

|                                                             | Three Months Ended<br>September 30, |                  | Six Months Ended<br>September 30, |                  |
|-------------------------------------------------------------|-------------------------------------|------------------|-----------------------------------|------------------|
|                                                             | 2024                                | 2023             | 2024                              | 2023             |
| <b>Expenses</b>                                             |                                     |                  |                                   |                  |
| Bank charges                                                | \$ 84                               | \$ 84            | \$ 168                            | \$ 168           |
| Filing fees                                                 | 2,231                               | 1,218            | 2,738                             | 2,651            |
| Legal and professional                                      | 19,383                              | 12,786           | 26,647                            | 12,787           |
| Office expenses                                             | -                                   | -                | 265                               | -                |
| <b>Net loss and comprehensive loss for the period</b>       | <b>(21,698)</b>                     | <b>(14,088)</b>  | <b>(29,818)</b>                   | <b>(15,606)</b>  |
| <b>Basic and diluted loss per share</b>                     | <b>\$ (0.00)</b>                    | <b>\$ (0.00)</b> | <b>\$ (0.00)</b>                  | <b>\$ (0.00)</b> |
| <b>Weighted average number of common shares outstanding</b> | <b>8,404,000</b>                    | <b>8,404,000</b> | <b>8,404,000</b>                  | <b>8,404,000</b> |

*The accompanying notes form an integral part of these financial statements*

CRANSTOWN CAPITAL CORP.

Statement of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

|                               | Share Capital    |            |    |                     |              |    | Total Shareholders' Equity |
|-------------------------------|------------------|------------|----|---------------------|--------------|----|----------------------------|
|                               | Number of Shares | Amount     |    | Contributed Surplus | Deficit      |    |                            |
| Balance at March 31, 2023     | 8,404,000        | \$ 546,461 | \$ | 82,081              | \$ (201,068) | \$ | 427,474                    |
| Net loss for the period       | -                | -          |    | -                   | (15,606)     |    | (15,606)                   |
| Balance at September 30, 2023 | 8,404,000        | \$ 546,461 | \$ | 82,081              | \$ (216,674) | \$ | 411,868                    |
| Balance at March 31, 2024     | 8,404,000        | \$ 546,461 | \$ | 82,081              | \$ (237,067) | \$ | 391,475                    |
| Net loss for the period       | -                | -          |    | -                   | (29,818)     |    | (29,818)                   |
| Balance at September 30, 2024 | 8,404,000        | \$ 546,461 | \$ | 82,081              | \$ (266,885) | \$ | 361,657                    |

*The accompanying notes form an integral part of these financial statements*

## CRANSTOWN CAPITAL CORP.

## Statement of Cash Flows

(Expressed in Canadian Dollars)

|                                                    | Six Months Ended<br>September 30, |                   |
|----------------------------------------------------|-----------------------------------|-------------------|
|                                                    | 2024                              | 2023              |
| <b>Operating Activities</b>                        |                                   |                   |
| Net loss for the period                            | \$ (29,818)                       | \$ (15,606)       |
| Items not involving cash:                          |                                   |                   |
| Change in non-cash working capital items:          |                                   |                   |
| Prepaid expenses                                   | -                                 | 555               |
| Accounts payable and accrued liabilities           | (5,163)                           | 7,590             |
| <b>Net cash flows used in operating activities</b> | <b>(34,981)</b>                   | <b>(7,461)</b>    |
| Change in cash during the period                   | (34,981)                          | (7,461)           |
| Cash, beginning of period                          | 403,053                           | 427,729           |
| <b>Cash, ending of period</b>                      | <b>\$ 368,072</b>                 | <b>\$ 420,268</b> |

*The accompanying notes form an integral part of these financial statements*

## 1. Nature of operations

Cranstown Capital Corp. ("Company") was incorporated under the *Business Corporations Act* (British Columbia) on February 2, 2021 and is a Capital Pool Company under the policies of the TSX Venture Exchange (the "Exchange"). On July 8, 2021, the Company completed its initial public offering ("IPO"). See Note 4 (b).

The Company's registered office is at 2800 Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2Z7.

The Company was formed for the primary purpose of completing an IPO on the Exchange as a Capital Pool Company ("CPC") in accordance with Policy 2.4 *Capital Pool Companies* (the "CPC Policy"). As a CPC, the Company's principal business is to identify, evaluate and acquire assets, properties or businesses which would constitute a qualifying transaction in accordance with the CPC Policy of the Exchange (the "Qualifying Transaction"). Until Completion of the Qualifying Transaction (as such term is defined in the CPC Policy), the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction.

On March 21, 2024, the Company entered into a Letter Agreement with J2 Metals Inc. ("J2"), whereby the Company will acquire all of the issued and outstanding shares of J2 by way of a share exchange, amalgamation or other such business combination. This transaction is intended to be the Company's Qualifying Transaction. The completion of the transaction is subject to the Company and J2 entering into a Definitive Agreement, as well as all other approvals required for a transaction of this nature.

The Company has no source of operating revenue, has incurred net losses since inception and as at September 30, 2024 has a deficit of \$266,885. Its continued existence will be dependent on the receipt of financing on terms which are acceptable to the Company. These conditions give rise to material uncertainties which may cast significant doubt as to whether the Company will continue as a going concern.

## 2. Basis of presentation

These financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue by the directors of the Company on December 12, 2024.

These financial statements are presented in Canadian Dollars, unless otherwise noted and have been prepared on a historical cost basis. The Canadian dollar is the functional and presentation currency of the Company.

## 3. Material accounting policy information

### a) Statement of compliance of basis of presentation

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed consolidated interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2024, which have been prepared in accordance with IFRS issued by the IASB.

The accounting policies applied by the Company in the condensed consolidated interim financial statements are the same as those applied by the Company in its most recent annual financial statements for the year ended March 31, 2024.

b) Significant accounting judgements, estimates and assumptions

The preparation of the Company's consolidated financial statements is in conformity with IFRS, which requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and 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. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant assumptions about the future and other sources of 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:

*Judgment*

Going concern

The Company uses judgment in determining its ability to continue as a going concern in order to discharge its current liabilities via raising additional financing.

**4. Share capital**

a) Authorized share capital

The Company's articles authorize an unlimited number of common shares without par value.

b) Initial Public Offering as a Capital Pool Company

On July 8, 2021, the Company completed its IPO and listing on the Exchange through the issuance of 4,154,000 common shares at a price of \$0.10 per share for gross proceeds of \$415,400. In connection with the IPO, the Company paid cash share issue costs of \$67,149 and granted 332,320 Agent's warrants. The Agent's warrants were exercisable for a period of 24 months from closing at an exercise price of \$0.10 per common share. The Agent's warrants were ascribed a fair value of \$14,290 using the Black Scholes option pricing model.

Pursuant to the terms of the Letter of Intent with Hampton Securities Ltd. (the "Agent"), the Company also paid a work fee of \$20,000, plus the Agent's legal fees incurred pursuant to the IPO.

c) Escrowed shares

All 4,250,000 common shares of the Company issued and outstanding prior to the completion of the IPO are subject to a CPC Escrow Agreement (Form 2F) and will be released from escrow in stages over a period of 18 months from the date of the Final Qualifying Transaction Exchange Bulletin (as such term is defined in the CPC Policy).

d) Stock options

The Company granted 840,400 share purchase options to certain officers and directors on July 8, 2021, the date upon which the Company became listed on the Exchange as a Capital Pool Company. These options are exercisable at a price of \$0.10 per common share for a period of ten years from the date of grant and vest immediately.

The Company's stock options are summarized as follows:

|                                                       | Number of<br>options | Weighted average<br>exercise price |
|-------------------------------------------------------|----------------------|------------------------------------|
| <b>Balance, March 31, 2024 and September 30, 2024</b> | <b>840,400</b>       | <b>\$ 0.10</b>                     |

The weighted-average remaining life of the stock options outstanding at September 30, 2024 was 6.77 years (March 31, 2024 – 7.27 years).

e) Share purchase warrants

On July 8, 2021, in connection with the completion of the IPO, the Company granted to its Agent 332,320 non-transferrable warrants to acquire up to 332,320 common shares at a price of \$0.10 per share for a period of 24 months, all of which vest immediately. The warrants expired without being exercised on July 7, 2023.

The Company's share purchase warrants are summarized as follows:

|                                                 | Number of<br>warrants | Weighted average<br>exercise price |
|-------------------------------------------------|-----------------------|------------------------------------|
| Balance, March 31, 2023                         | 332,320               | \$ 0.10                            |
| Expired                                         | (332,320)             | 0.10                               |
| <b>Balance, March 31 and September 30, 2024</b> | <b>-</b>              | <b>\$ -</b>                        |

## 5. Financial instruments and risk management

The Company is exposed to the following financial risks:

- i) Market risk
- ii) Credit risk
- iii) Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

### General objectives, policies and processes

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board's finance function is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility and to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. Further details regarding these policies are set out below.

#### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: currency risk, interest rate risk, other price risk.

#### *Currency risk*

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's share capital as well as the Company's reporting currency is denominated in Canadian Dollars. The Company considers this risk to be minimal.

#### *Interest rate risk*

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company holds no interest-bearing financial liabilities and therefore interest rate risk is limited to potential decreases on the interest rate offered on cash held with its financial institution. The Company considers this risk to be minimal.

#### Credit risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held with reputable institutions in Canada. The Company is not exposed to any material credit risk.

#### Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company monitors its risk by monitoring the maturity dates of its existing debt and other payables. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

To achieve this objective, the Company regularly monitors working capital positions and updates spending plans as considered necessary. Monthly working capital and expenditure reports are prepared by the Company's finance function and presented to management for review and communication to the Board. As at September 30, 2024, all of the Company's financial liabilities are due within one year.

As at September 30, 2024, the Company's working capital was \$361,657 and it does not have any monetary long-term liabilities. The continuing operations of the Company are dependent upon its ability to obtain adequate financing and to commence profitable operations in the future.

#### Capital management

The Company monitors its equity as capital.

The Company's objectives in managing its capital are to maintain a sufficient capital base to support its operations and to meet its short-term obligations and at the same time preserve investor's confidence and retain the ability to seek out and acquire new projects of merit. The Company is not exposed to any externally imposed capital requirements.

**6. Related Party Transactions**

There were no related party transactions during the six-month periods ended September 30, 2024 and 2023.

**7. Subsequent Events**

There were no subsequent events after the end of the period.