

Cranstown Capital Corp.

(A Capital Pool Company)

Financial Statements

For the years ended March 31, 2024 and March 31, 2023

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Cranstown Capital Corp.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cranstown Capital Corp. (the "Company"), which comprise the statements of financial position as at March 31, 2024 and 2023, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of the material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2024 and 2023 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company's continued existence will be dependent on the receipt of financing on terms which are acceptable to the Company. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter

Key Audit Matters

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

Except for the matter described in the *Material Uncertainty Related to Going Concern* 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 information included in "Management's Discussion and Analysis" but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 financial statements, including the disclosures, and whether the 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 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 James Roxburgh.

The image shows a handwritten signature in black ink that reads "De Visser Gray LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants

Vancouver, BC, Canada
July 23, 2024

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

| | As at March 31, 2024 | As at March 31, 2023 |
|---|-------------------------|-------------------------|
| Assets | | |
| Current Assets | | |
| Cash | \$ 403,053 | \$ 427,729 |
| Amounts receivable | - | 555 |
| Total Assets | \$ 403,053 | \$ 428,284 |
| Liabilities | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | \$ 11,578 | \$ 810 |
| Total Liabilities | 11,578 | 810 |
| Share capital (Note 4) | 546,461 | 546,461 |
| Contributed surplus | 82,081 | 82,081 |
| Deficit | (237,067) | (201,068) |
| Total Shareholders' Equity | 391,475 | 427,474 |
| Total Liabilities and Shareholders' Equity | \$ 403,053 | \$ 428,284 |

Nature of Operations (Note 1)

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.
Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

| | For the Year Ended March 31, 2024 | | For the Year Ended to March 31, 2023 | |
|---|--------------------------------------|------------------|---|------------------|
| Expenses | | | | |
| Interest and bank charges | \$ | 336 | \$ | 361 |
| Filing fees | | 11,829 | | 11,285 |
| Legal and professional | | 22,890 | | 22,668 |
| Office expenses | | 788 | | 1,135 |
| Meals and entertainment | | 156 | | - |
| Net loss and comprehensive loss for the year | \$ | (35,999) | \$ | (35,449) |
| Basic and diluted loss per share | \$ | (0.00) | \$ | (0.00) |
| Weighted average number of common shares outstanding | | 8,404,000 | | 8,404,000 |

The accompanying notes form an integral part of these financial statements

CRANSTOWN CAPITAL CORP.
 Statements of Changes in Equity
 (Expressed in Canadian Dollars)

| | Share Capital | | | | Total Shareholders' Equity |
|----------------------------------|---------------------|-------------------|------------------------|---------------------|----------------------------------|
| | Number of Shares | Amount | Contributed Surplus | Deficit | |
| Balance at March 31, 2022 | 8,404,000 | \$ 546,461 | \$ 82,081 | \$ (165,619) | \$ 462,923 |
| Comprehensive loss for the year | - | - | - | (35,449) | (35,449) |
| Balance at March 31, 2023 | 8,404,000 | \$ 546,461 | \$ 82,081 | \$ (201,068) | \$ 427,474 |
| Balance at March 31, 2023 | 8,404,000 | \$ 546,461 | \$ 82,081 | \$ (201,068) | \$ 427,474 |
| Comprehensive loss for the year | - | - | - | (35,999) | (35,999) |
| Balance at March 31, 2024 | 8,404,000 | \$ 546,461 | \$ 82,081 | \$ (237,067) | \$ 391,475 |

The accompanying notes form an integral part of these financial statements

CRANSTOWN CAPITAL CORP.
Statements of Cash Flows
(Expressed in Canadian Dollars)

| | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|--|--|--|
| Operating Activities | | |
| Loss for the year | \$ (35,999) | \$ (35,449) |
| Change in non-cash working capital item: | | |
| Amounts receivable | 555 | (555) |
| Accounts payable and accrued liabilities | 10,768 | 332 |
| Net cash used in operating activities | (24,676) | (35,672) |
| Change in cash during the year | (24,676) | (35,672) |
| Cash, beginning of the year | 427,729 | 463,401 |
| Cash, end of the year | \$ 403,053 | \$ 427,729 |

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 March 31, 2024 has a deficit of \$237,067. 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 International Financial Reporting 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 July 23, 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

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

a) Management estimates and judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the amounts reported and disclosed in its financial statements and related notes. Those include estimates that, by their nature, are uncertain and actual results could differ materially from those estimates. The impacts of such estimates may require accounting adjustments based on future results. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

3. Material accounting policy information (cont'd)

a) Management estimates and judgments (cont'd)

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in these financial statements is as follows:

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.

b) Cash

Cash is comprised of cash on hand and cash on deposit with the Company's financial institution on which it earns variable amounts of interest.

c) Financial instruments

Financial Assets - Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI"), or through profit or loss ("FVTPL"), and
- Those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and contractual terms of the cash flows. For assets measured at fair value, gains or losses are recorded in profit or loss or OCI.

The Company has classified cash and amounts receivable as subsequently measured at amortized cost.

Financial Assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. These are the measurement categories under which the Company classifies its financial assets:

- Subsequently measured at amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

3. Material accounting policy information (cont'd)

c) Financial instruments (cont'd)

- Fair value through OCI ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.
- Fair value through profit or loss ("FVTPL"): Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the statement of comprehensive loss in the period which it arises.

Impairment of Financial Assets at Amortized Cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the credit risk of the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company recognizes in the statement of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Financial Liabilities

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and subsequently measured at amortized cost.

A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method. The Company classifies its accounts payable and accrued liabilities as financial liabilities held at amortized cost.

3. Material accounting policy information (cont'd)

d) Income (loss) per share

Income (loss) per share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding during the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments. In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

e) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares are issued.

f) Share based compensation

The Company's stock option plan allows the Company's employees and consultants to acquire shares of the Company through the exercise of granted stock options. The fair value of options granted is recognized as share based compensation expense with a corresponding increase in shareholders' equity. An individual is classified as an employee when such individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Warrants with the right to acquire common shares in the Company are typically issued through the Company's equity financing activities. Where finders' warrants are issued on a stand-alone basis, their fair values are measured on their issuance date using the Black-Scholes option pricing model and are recorded as both an increase to contributed surplus and as a share issue cost.

When stock options or warrants are exercised, the cash proceeds along with the amount previously recorded in contributed surplus are recorded as share capital.

g) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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

3. Material accounting policy information (cont'd)

g) Income taxes (cont'd)

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income nor loss. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

h) Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company does not anticipate any material changes to the financial statements upon adoption of these new revised accounting pronouncements.

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).

4. Share capital (cont'd)

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 vested immediately.

The continuity of the Company's stock options is summarized as follows:

| | Number of options | Weighted average exercise price |
|---|----------------------|------------------------------------|
| Balance, March 31, 2022 | 840,400 | \$ 0.10 |
| Granted | - | - |
| Balance, March 31, 2023 and 2024 | 840,400 | \$ 0.10 |

The weighted-average remaining life of the stock options outstanding at March 31, 2024 was 7.27 years (2023 – 8.27 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 vested immediately. On July 7, 2023, the Company's share purchase warrants expired unexercised.

The continuity of the Company's share purchase warrants is summarized as follows:

| | Number of warrants | Weighted average exercise price |
|----------------------------------|-----------------------|------------------------------------|
| Balance, March 31, 2022 and 2023 | 332,320 | \$ 0.10 |
| Expired | (332,320) | 0.10 |
| Balance, March 31, 2024 | - | \$ - |

5. Related party transactions

During the years ended March 31, 2024 and 2023, the Company had no related party transactions.

There were no amounts owing to related parties as at March 31, 2024 and 2023.

6. Financial instruments and risk management

The Company is exposed to the following financial risks:

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

6. Financial instruments and risk management (cont'd)

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 and interest rate 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.

6. Financial instruments and risk management (cont'd)

Liquidity risk (cont'd)

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 March 31, 2024, all of the Company's financial liabilities are due within one year.

As at March 31, 2024, the Company's working capital was \$391,475 (2023 - \$427,474) and it does not have any 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 inventor's confidence and retain the ability to seek out and acquire new projects of merit.

Until the Completion of the Qualifying Transaction and except as otherwise specifically provided by the CPC Policy, the gross proceeds realized from the sale of all securities issued by the Company will be used by the Company only to identify and evaluate assets or businesses and obtain shareholder approval, if applicable, for a proposed Qualifying Transaction.

7. Income taxes

The reconciliation of the income tax provision computed at statutory rates to the reported income tax provision is as follows:

| | March 31, 2024 | March 31, 2023 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Loss before income taxes | (35,999) | (35,449) |
| Total expected income tax recovery at statutory rates | (9,720) | (9,571) |
| Change in unrecognized deferred tax asset | 9,720 | 9,571 |
| Actual income tax recovery | - | - |

7. Income taxes (cont'd)

The significant components of the Company's deferred income tax assets are as follows:

| | March 31, 2024 | March 31, 2023 |
|---------------------------------|---------------------------|---------------------------|
| | \$ | \$ |
| Deferred income tax assets: | | |
| Non-capital loss carry-forwards | 56,583 | 43,237 |
| Share issuance costs | 7,252 | 10,878 |
| | 63,835 | 54,115 |
| Valuation allowance | (63,835) | (54,115) |
| Net deferred tax assets | - | - |

At March 31, 2024, the Company has approximately \$209,500 of non-capital loss carry-forwards which may be available to reduce taxable income in future years. These losses expire as follows:

| | Non-capital Losses |
|------|-------------------------------|
| | \$ |
| 2041 | 3,900 |
| 2042 | 107,300 |
| 2043 | 48,900 |
| 2044 | 49,400 |
| | 209,500 |

The deferred tax assets have not been recognized because at this stage of the Company's development it is not determinable that future taxable profit will be available against which the Company can utilize such deferred tax assets.