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**HOPEFIELD VENTURES TWO INC.**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
SEPTEMBER 30, 2024 AND 2023  
EXPRESSED IN CANADIAN DOLLARS  
(UNAUDITED - PREPARED BY MANAGEMENT)

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**HOPEFIELD VENTURES TWO INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
AS AT SEPTEMBER 30, 2024 AND DECEMBER 31, 2023  
EXPRESSED IN CANADIAN DOLLARS  
(UNAUDITED, PREPARED BY MANAGEMENT)

	2024	2023
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 710,649	\$ 1,030,805
Note receivable (Note 4)	<u>25,000</u>	<u>25,000</u>
	735,649	1,055,805
<b>Loan receivable (Note 5)</b>	<u>35,000</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 770,649</u>	<u>\$ 1,055,805</u>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	<u>\$ 74,040</u>	<u>\$ 39,149</u>
<b>Equity</b>		
Share capital (Note 6)	1,192,703	1,192,703
Contributed surplus	108,345	108,345
Deficit	<u>(604,439)</u>	<u>(284,392)</u>
<b>Total equity</b>	<u>696,609</u>	<u>1,016,656</u>
<b>Total liabilities and equity</b>	<u>\$ 770,649</u>	<u>\$ 1,055,805</u>

Nature and continuance of operations (Note 1)  
Subsequent events (Note 9)

Approved and authorized for issue on behalf of the Board on November 29, 2024

"Mark Binns"  
\_\_\_\_\_  
Director

"Mitchell Demeter"  
\_\_\_\_\_  
Director

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

**HOPEFIELD VENTURES TWO INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
FOR THE PERIODS ENDED SEPTEMBER 30, 2024 AND 2023  
EXPRESSED IN CANADIAN DOLLARS  
(UNAUDITED, PREPARED BY MANAGEMENT)

	<b>Three-month period ended September 30</b>		<b>Nine-month period ended September 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Expenses</b>				
Filing fees	\$ 1,081	788	\$ 16,213	\$ 19,963
Office and administration	224	49	242	247
Professional fees	14,770	42,585	180,848	55,644
Transfer agent fees	2,940	1,786	7,158	8,828
Expected credit losses (Note 5)	65,000	-	115,000	-
Loss on foreign exchange	586	-	586	-
Share-based compensation (Notes 6 & 7)	-	-	-	14,750
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (84,601)</b>	<b>\$ (45,208)</b>	<b>\$ (320,047)</b>	<b>\$ (99,432)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.04)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of shares outstanding (Note 6)</b>	<b>8,487,500</b>	<b>8,487,500</b>	<b>8,487,500</b>	<b>8,689,698</b>

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**HOPEFIELD VENTURES TWO INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
FOR THE PERIODS ENDED SEPTEMBER 30, 2024 AND 2023  
EXPRESSED IN CANADIAN DOLLARS  
(UNAUDITED, PREPARED BY MANAGEMENT)

	Number of shares	Share capital	Contributed surplus	Deficit	Total equity
<b>Balance, December 31, 2022</b>	15,387,500	\$ 1,062,695	\$ 84,995	\$ (141,482)	\$ 1,006,208
Shares issued for cash, net of issuance costs (Note 6)	2,500,000	139,598	-	-	139,598
Agent's options granted (Note 6)	-	(8,600)	8,600	-	-
Share options granted (Note 6)	-	-	14,750	-	14,750
Net loss for the period	-	-	-	(99,432)	(99,432)
<b>Balance, September 30, 2023</b>	17,887,500	\$ 1,193,693	\$ 108,345	\$ (240,914)	\$ 1,061,124
<b>Balance, December 31, 2023</b>	17,887,500	\$ 1,192,703	\$ 108,345	\$ (284,392)	\$ 1,016,656
Net loss for the period	-	-	-	(320,047)	(320,047)
<b>Balance, September 30, 2024</b>	17,887,500	\$ 1,192,703	\$ 108,345	\$ (604,439)	\$ 696,609

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

**HOPEFIELD VENTURES TWO INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
FOR THE PERIODS ENDED SEPTEMBER 30, 2024 AND 2023  
EXPRESSED IN CANADIAN DOLLARS  
(UNAUDITED, PREPARED BY MANAGEMENT)

	Three-month period ended September 30		Nine-month period ended September 30	
	2024	2023	2024	2023
<b>Cash provided from (used for):</b>				
<b>Operating activities</b>				
Net loss	\$ (84,601)	\$ (45,208)	\$ (320,047)	\$ (99,432)
Items not requiring the use of cash:				
Expected credit losses	65,000	-	115,000	-
Share-based compensation	-	-	-	14,750
	<u>(19,601)</u>	<u>(45,208)</u>	<u>(205,047)</u>	<u>(84,682)</u>
Changes in non-cash working capital:				
Accrued receivable	-	(1,608)	-	60
Prepaid expenses and deposits	-	788	-	17,363
Accounts payable and accrued liabilities	(107,592)	46,028	34,891	10,647
	<u>(127,193)</u>	<u>-</u>	<u>(170,156)</u>	<u>(56,612)</u>
Net cash used in operating activities				
	<u>(127,193)</u>	<u>-</u>	<u>(170,156)</u>	<u>(56,612)</u>
<b>Financing activities</b>				
Common shares issued for cash	-	-	-	250,000
Common share issuance costs	-	-	-	(110,402)
Deferred financing costs	-	-	-	50,683
	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,683</u>
Net cash provided by financing activities				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>190,281</u>
<b>Investing Activities</b>				
Issuance of loan receivable	-	-	(150,000)	-
	<u>-</u>	<u>-</u>	<u>(150,000)</u>	<u>-</u>
Net cash used in investing activities				
	<u>-</u>	<u>-</u>	<u>(150,000)</u>	<u>-</u>
<b>Net cash inflow (outflow)</b>	<b>(127,193)</b>	<b>-</b>	<b>(320,156)</b>	<b>133,669</b>
<b>Cash position, beginning of period</b>	<b>837,842</b>	<b>1,113,097</b>	<b>1,030,805</b>	<b>979,428</b>
<b>Cash position, end of period</b>	<b>\$ 710,649</b>	<b>\$ 1,113,097</b>	<b>\$ 710,649</b>	<b>\$ 1,113,097</b>
<b>Supplemental information:</b>				
Agent's options granted	\$ -	\$ -	\$ -	\$ 8,600

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

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Hopefield Ventures Two Inc. (the “Company” or “Hopefield”) was incorporated under the Business Corporations Act of British Columbia on January 24, 2022. The address of the Company’s corporate office and its principal place of business is 2200 HSBC Building, 885 West Georgia Street, Vancouver, BC, Canada. The Company is listed on the TSX Venture Exchange (symbol HVIL.P) under the Capital Pool Company (“CPC”) Program and plans to identify a suitable private operating company to complete a qualifying transaction.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company does not generate sufficient cash flow from operations to adequately fund its activities and has therefore relied principally upon the support of creditors and the issuance of securities for financing. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. The Company intends to continue relying upon the issuance of securities to finance its future activities but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company. Although these financial statements do not include any adjustments that may result from the inability to secure future financing, such a situation would have a material adverse effect on the Company's recoverability of assets, classification of assets and liabilities, and results of operations should the Company be unable to continue as a going concern.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Statement of Compliance**

These condensed interim consolidated financial statements, including comparatives, 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. As a result, certain disclosures included in the annual financial statements prepared in accordance with IFRS have been condensed or omitted. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2023. In preparation of these condensed interim consolidated financial statements, the Company has consistently applied the same accounting policies as disclosed in note 2 to the audited financial statements for the year ended

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December 31, 2023 unless otherwise noted below. All amounts are expressed in Canadian dollars, unless otherwise noted. These financial statements were approved by the Board of Directors of the Company on November 29, 2024.

**Basis of presentation**

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These financial statements have been prepared on a consolidated basis and as such include the results of operations and balances for 1460983 B.C. Ltd., the Company's wholly-owned subsidiary which was incorporated on January 16, 2024. The financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

**Significant accounting estimates and judgments**

The preparation of these financial statements in conformity with IFRS 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 period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates. Key estimates made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements are:

*Going concern assumption*

The assessment of whether the going concern assumption is appropriate requires management to consider all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

*Share-based compensation*

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and

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corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

*Income, value added, withholding and other taxes*

The Company is subject to income, value added and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

*Recoverability of loan and note receivable*

The expected credit loss allowances for the loan receivable and for the note receivable are based on management's assumptions about Predictive Technologies LLC's risk of default as the counterparty to these instruments. The Company uses judgment in making these assumptions, based on existing market conditions as well as forward-looking estimates at the end of each reporting period.

**Basis of consolidation**

These consolidated financial statements incorporate the financial statements of the Company and its wholly-owned and controlled subsidiary, 1460983 B.C. Ltd.

Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, are exposed to, or have rights to, variable returns from the Company's involvement with the entity and have the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. Profit or loss of subsidiaries acquired during the year are recognized from the date of acquisition or effective date of disposal as applicable. All intercompany transactions and balances have been eliminated.

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**Share-based compensation**

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

The fair value of the stock options is determined using the Black-Scholes option pricing model. The fair value of stock options is recognized to expense over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

**Share issue costs**

Costs directly identifiable with the raising of capital will be charged against the related share capital. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

The value of compensatory options or warrants granted to agents in a private placement is determined using the Black-Scholes option pricing model. The fair value of these compensatory options or warrants is recognized as share issuance costs, with an offsetting credit to contributed surplus.

**Basic and diluted loss per share**

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed by adjusting the net earnings (loss) available to common shareholders and the weighted average number of shares outstanding for the effects of potential common shares, if dilutive. Potential common shares include stock options and warrants and are calculated by assuming that these instruments were

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exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. For the periods presented, all outstanding stock options and agent's options were anti-dilutive.

### **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### *Financial assets*

Financial assets are recognized initially at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Financial assets which have contractual cash flows composed solely of principal and interest are measured at amortized cost when they are held with the objective to collect those cash flows and at FVOCI when they may also be held for sale. Financial assets not classified as amortized cost or FVOCI are measured at FVTPL.

A financial asset is initially measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL.

On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

Financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of loss. The Company's financial assets consist of cash, loan receivable and note receivable which are measured at amortized cost.

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*Financial liabilities*

Financial liabilities are recognized initially at fair value and subsequently measured at (i) amortized cost or (ii) FVTPL. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities measured at FVTPL, such as derivatives and certain financial commitments and guarantee contracts. Financial liabilities may also be designated at fair value through profit and loss if doing so results in more relevant information. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

The Company's financial liabilities consist of accounts payable and accrued liabilities which are measured at amortized cost. As at September 30, 2024, the Company does not have any derivative financial liabilities.

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statement of loss.

**Income taxes**

Income tax on the profit or loss for the periods presented is comprised of current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided 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. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

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### **Recent Accounting Pronouncements**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2024. These changes were assessed to not have a material impact on the Company's consolidated financial statements.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2024 and have been adopted by the Company.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2025. Many are not applicable or do not have a significant impact on the Company and have been excluded.

### **3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company's financial instruments consist of cash, loan receivable, note receivable, accounts payable and accrued liabilities.

#### **Fair values**

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair value hierarchy has the following levels:

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

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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).

The fair values of cash, loan receivable, note receivable and accounts payable and accrued liabilities approximate their fair values due to the nature and expected maturity of these financial instruments. The company had no financial instruments carried at fair value to classify in the fair value hierarchy.

**Financial instrument risk exposure and risk management**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management framework. The Company considers the fluctuations of financial markets and seeks to minimize potential adverse effects on financial performance.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management process.

(a) Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk includes its cash. The Company manages credit risk, in respect of cash, by placing its cash with a major Canadian financial institution in accordance with the Company's investment policy. Concentration of credit risk exists with respect to the Company's cash as all amounts are held at a single major Canadian financial institution.

The company is also exposed to credit risk on its loan receivable and on its note receivable. Both instruments are receivable from Predictive Technologies LLC ("Predictive"), with whom, along with certain other parties, the Company had entered into a Unit Contribution and Exchange Agreement, which was terminated on June 17, 2024. Management actively monitors and assesses its exposure to credit risk in relation to these instruments and during the three-month period ended September 30, 2024, an expected credit loss of \$65,000 was recognized (nine-month period ended September 30, 2024 - \$115,000).

The maximum exposure to credit risk is equal to the carrying value of the financial assets.

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(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in obtaining funds to meet commitments. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. All of the Company's financial liabilities are due within the next operating period.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and commodity price risk, of which the Company is exposed to foreign currency risk and interest rate risk, as follows:

*Foreign currency risk*

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because it is denominated in a foreign currency. The Company is periodically exposed to foreign exchange risk as it may have US dollar accounts payable and accrued liabilities. As at September 30, 2024, the Company had no US dollar denominated accounts payable or accrued liabilities.

*Interest rate risk*

Some of the Company's accounts payable and accrued liabilities trade payables may be subject to interest on unpaid balances.

**Capital management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to ensure sufficient liquidity in order to remain a CPC and complete a Qualifying Transaction so that it can provide adequate returns for shareholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital as total equity. The Company is not subject to any externally imposed capital requirements other than the requirement

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regarding the use of proceeds realized from the sale of all securities issued by the Company as a CPC.

The gross proceeds raised from the Company’s initial public offering may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a proposed Qualifying Transaction, with the exception that general and administrative expenses are capped at \$3,000 per month, including for professional accounting, advisory, and legal services expenses. There were no other significant changes in the Company’s approach to capital management during the period ended September 30, 2024.

**4. NOTE RECEIVABLE**

On December 29, 2023, the Company advanced \$25,000 to Predictive under the terms of a demand promissory note from Predictive. The note receivable is non-interest bearing and unsecured.

In October 2024, the Company and Predictive agreed to a monthly repayment schedule on the promissory note, with monthly repayments of various amounts until July, 2025, at which time the note will have been repaid in full.

**5. LOAN RECEIVABLE**

	<b>Sep 30</b>	Dec 31
	<b><u>2024</u></b>	<u>2023</u>
Loan receivable	<b>\$ 150,000</b>	\$ -
Allowance for expected credit loss	<b><u>(115,000)</u></b>	<u>-</u>
	<b><u>\$ 35,000</u></b>	<u>\$ -</u>

On February 28, 2024, the Company entered into an agreement with Predictive to provide a bridge loan of \$150,000 to fund Predictive’s operations prior to the completion of the transactions contemplated by a Unit Contribution and Exchange Agreement (“UCEA”) between the Company, Predictive and certain other parties. The completion of the transaction contemplated by the UCEA was intended to constitute the Company’s Qualifying Transaction under the Capital Pool Companies policy of the TSX Venture Exchange.

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On June 17, 2024, the UCEA was terminated by the Company. Thus, management has reassessed its expectation of credit losses and has recognized an impairment of \$115,000 in the loan receivable.

The loan bears interest at an annual rate of 7%, which will begin to accrue on August 30, 2024. The loan was to be repaid in six equal consecutive monthly installments commencing on August 30, 2024 and is secured by certain specified assets of Predictive. No payments of principal or interest have been received from Predictive as of September 30, 2024. The Company has agreed with Predictive that it will not require repayments toward the loan prior to July 2025.

## **6. SHARE CAPITAL**

### **Share capital**

On January 9, 2023, the Company issued 2,500,000 common shares at a price of \$0.10 per share, for total gross proceeds of \$250,000 upon completion of its Initial Public Offering.

After costs, including the Agent's commission and fees and legal expenses of the Agent and the Company, including those charged to Deferred Financing Fees as at December 31, 2022, net proceeds of \$139,598 were credited to Common Shares.

### **Shares subject to escrow**

Upon completion of the initial public offering on January 9, 2023, all 9,400,000 issued and outstanding seed shares became subject to a uniform 18-month escrow release schedule, following the completion of a Qualifying Transaction, and will be released as to 25% on the date of the final Qualifying Transaction Exchange Bulletin and an additional 25% on each of the dates that are 6, 12 and 18 months thereafter, pursuant to the terms of an Escrow Agreement dated December 22, 2022 between the Company's Escrow Agent and the applicable shareholders of the Company. Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer will also be escrowed.

All common shares acquired on exercise of stock options granted to directors and officers prior to completion of a Qualifying Transaction must also be deposited and held in escrow pursuant to the requirements of the Exchange.

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The seed common shares are considered contingently issuable until the Company completes a Qualifying Transaction and, accordingly, they are not considered to be outstanding shares for purposes of loss per share calculations.

**Share options**

On January 9, 2023, the Company granted 250,000 share options exercisable at a price of \$0.10 per share to directors and officers of the Company. The share options vested on their grant date and are exercisable for a period of ten years.

As noted, the company uses the Black-Scholes option pricing model and the following table sets out the weighted average assumptions used in calculating the fair value of share options granted:

	<u>2024</u>	<u>2023</u>
Share price	n/a	\$0.10
Exercise price	n/a	\$0.10
Expected dividend yield	n/a	Nil
Expected volatility	n/a	44%
Risk-free interest rate	n/a	3.08%
Expected share option life	n/a	10 yrs
Fair value (per share) of share options granted	n/a	\$0.059

Expected volatility was estimated by reference to the price history of publicly traded small cap software and services companies over a ten-year period, commensurate with the expected life of the options. Expected life was estimated to be equal to the contractual life of the share options. During the six-month period ended September 30, 2024, a total estimated fair value of nil (September 30, 2023 - \$14,750) was recognized as share-based compensation expense.

Details of share options outstanding, changes in share options outstanding, exercise prices and remaining lives of share options are reflected in the tables below.

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	<u>2024</u>		<u>2023</u>	
	<u>Options</u>	<u>Weighted Average Exercise Price</u>	<u>Options</u>	<u>Weighted Average Exercise Price</u>
Outstanding, start of period*	1,788,750	\$0.074	1,538,750	\$0.069
Granted*	-	-	250,000	\$0.10
Expired/forfeited/cancelled*	<u>-</u>	-	<u>-</u>	-
Outstanding, end of period*	<u>1,788,750</u>	\$0.074	<u>1,788,750</u>	\$0.074

\*Nine months ended September 30, 2024 and year ended December 31, 2023.

	<u>As at September 30, 2024</u>		<u>As at December 31, 2023</u>	
<u>Exercise Price</u>	<u>Options outstanding and vested</u>	<u>Weighted Average Remaining Life</u>	<u>Options outstanding and vested</u>	<u>Weighted Average Remaining Life</u>
\$0.05	940,000	7.37 years	940,000	8.12 years
\$0.10	<u>848,750</u>	7.67 years	<u>848,750</u>	8.42 years
	<u>1,788,750</u>	7.51 years	<u>1,788,750</u>	8.26 years

### Agent's options

On January 9, 2023 the Company completed its initial public offering. The Company's agent, and certain subagents, received 200,000 Agent's options exercisable at a price of \$0.10 per share option until January 9, 2028.

The Company uses the Black-Scholes option pricing model and the following table sets out the assumptions used in calculating the estimated fair value of the Agent's options granted:

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Share price	\$0.10
Exercise price	\$0.10
Expected dividend yield	Nil
Expected volatility	44%
Risk-free interest rate	3.22%
Expected Agent's option life	5 years
Fair value (per share) of Agent's options granted	\$0.043

Expected volatility was estimated by reference to the price history of publicly traded small cap software and services companies. Expected life was estimated to be equal to the contractual life of the Agent's options. The total fair value of \$8,600 was recognized as share issue costs on January 9, 2023.

Details of Agent's options outstanding and changes in Agent's options outstanding are reflected in the tables below.

	<u>2024</u>		<u>2023</u>	
	<u>Agent's Options</u>	<u>Exercise Price</u>	<u>Agent's Options</u>	<u>Exercise Price</u>
<b>Outstanding, start of period*</b>	<b>200,000</b>	<b>\$0.10</b>	-	-
Granted*	-	-	200,000	\$0.10
Exercised*	<u>-</u>	-	<u>-</u>	-
<b>Outstanding, end of period*</b>	<b><u>200,000</u></b>	<b>\$0.10</b>	<b><u>200,000</u></b>	\$0.10

\*Nine months ended September 30, 2024 and year ended December 31, 2023.

As at September 30, 2024, the remaining life of the outstanding Agent's options is 3.28 years.

## 7. 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

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considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

- a) On January 9, 2023, the Company granted 250,000 share purchase options to directors and officers of the Company with an estimated fair value of \$14,750 as described in Note 6.

## **8. INCOME TAXES**

As at December 31, 2023, the Company had non-capital losses of \$229,643 which may be carried forward and used to reduce the taxable income of future years. If not utilized beforehand, these non-capital losses will expire in 2043.

## **9. SUBSEQUENT EVENTS**

- a) On October 23, 2024, the Company announced that it has entered into a definitive share purchase agreement dated October 23, 2024 (the “Definitive Agreement”) with Carrier Connect Systems Ltd. (“Carrier”) and the shareholders of Carrier (the “Vendors”) which will, subject to certain conditions and approval of the TSX Venture Exchange (the “Exchange”), constitute the Company’s Qualifying Transaction as defined in Policy 2.4 of the Exchange.

The Definitive Agreement provides that the Company will acquire all the issued and outstanding common shares in the capital of Carrier (the “Carrier Shares”) from the Vendors in exchange for the issuance of an aggregate of 3,600,000 Resulting Issuer Shares (as defined below) to the Vendors and by causing Carrier to pay to certain creditors of Carrier an aggregate of \$100,000 (the “Cash Consideration”).

To give effect to the Transaction, the Company will effect a consolidation of its issued and outstanding common shares (“Company Shares”) on the basis of one post-consolidated Company Share for each 2.98125 pre-consolidation Company Shares (the “Consolidation”), which will result in there being 6,000,000 post-Consolidation Company Shares issued and outstanding.

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Upon the closing of the Transaction (the “Closing”), Carrier will be a wholly-owned subsidiary of the Company, and the Company (now, the “Resulting Issuer”) will carry on the business currently carried on by Carrier, and the Resulting Issuer will be a Tier 2 Technology Issuer under the policies of the TSXV. The Vendors will hold 3,600,000 Resulting Issuer Shares, representing approximately 37.5% of the outstanding Resulting Issuer Shares, and the current shareholders of HVII will hold 6,000,000 Resulting Issuer Shares, representing approximately 62.5% of the outstanding Resulting Issuer Shares. Certain Resulting Issuer Shares will be subject to escrow in accordance with the rules of the TSXV.

- b) On November 5, 2024, the Company advanced \$25,000 to Carrier under the terms of a demand promissory note from Carrier. The note receivable is non-interest bearing and unsecured.

Completion of the Transaction is subject to several conditions, including but not limited to (a) completion of the share consolidation and name change of the Company; (b) preparation and filing of a disclosure document, as required by the Exchange outlining the definitive terms of the Transaction and describing the business to be conducted by the Company following the completion of the Transaction, in accordance with the policies of the Exchange; (c) acceptance and confirmation by the Exchange that the Company will satisfy the minimum listing requirements for a Tier 2 Technology issuer; (d) all applicable approvals of the boards of directors and securityholders of Carrier and the Company, as applicable, and as required by the Exchange and under applicable corporate or securities laws; and (e) receipt of all requisite regulatory and third party approvals or consents, as applicable, in relation to the Transaction. There is no assurance that the Transaction will be completed as proposed or at all.