

CARCETTI CAPITAL CORP.

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Expressed in Canadian Dollars - Unaudited)

Notice to Readers

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

Carcetti Capital Corp.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars - Unaudited)

	March 31, 2024	December 31, 2023
	\$	\$
Assets		
Current assets		
Cash	299,140	337,067
Receivables	1,506	1,244
Prepaid expenses	7,515	7,639
	308,161	345,950
Prepaid expenses	28,182	30,061
Total assets	336,343	376,011
Liabilities		
Current liabilities		
Trade and other payables	13,364	37,105
Total liabilities	13,364	37,105
Shareholders' equity		
Share capital (Note 4)	48,494,144	48,494,144
Reserves (Note 4)	6,517,512	6,515,302
Accumulated deficit	(54,688,677)	(54,670,540)
Total shareholders' equity	322,979	338,906
Total liabilities and shareholders' equity	336,343	376,011

Nature of operations and going concern (Note 1)
Subsequent events (Note 9)

These consolidated financial statements for the three months ended March 31, 2024 and 2023, were approved by the Board of Directors of the Company on May 29, 2024.

Approved by the Board

"Glenn Kumoi"
Director (Signed)

"Richard Silas"
Director (Signed)

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

Carcetti Capital Corp.**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**

(Expressed in Canadian dollars - Unaudited)

	For the three months ended March 31,	
	2024	2023
	\$	\$
Operating expenses		
Consulting fees (Note 5)	-	31,868
Finance (income) loss, net	411	(39,794)
Management fees (Note 5)	3,126	-
Office and general	5,147	57,265
Professional fees	7,243	18,770
Salaries	-	9,167
Share-based compensation (Notes 4 and 5)	2,210	-
	(18,137)	(77,276)
Net and comprehensive loss for the period	(18,137)	(77,276)
Basic and diluted loss per share	(0.00)	(0.07)
Weighted average number of common shares outstanding – basic and diluted	5,214,050	1,047,383

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

Carcetti Capital Corp.
Condensed Interim Consolidated Statement of Changes in Shareholders' Equity
(Expressed in Canadian dollars - Unaudited)

	Number of shares	Share capital \$	Reserves \$	Deficit \$	Total \$
Balance, December 31, 2022	1,047,383	47,994,144	6,505,127	(54,305,922)	193,349
Loss	-	-	-	(77,276)	(77,276)
Balance, March 31, 2023	1,047,383	47,994,144	6,505,127	(54,383,198)	116,073
Shares issued for proceeds	3,966,667	476,000			476,000
Shares issued for settlement of debt	200,000	24,000			24,000
Share-based compensation	-	-	10,175	-	10,175
Loss	-	-	-	(287,342)	(287,342)
Balance, December 31, 2023	5,214,050	48,494,144	6,515,302	(54,670,540)	338,906
Share-based compensation	-	-	2,210	-	2,210
Loss	-	-	-	(18,137)	(18,137)
Balance, March 31, 2024	5,214,050	48,494,144	6,517,512	(54,688,677)	322,979

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

Carcetti Capital Corp.
Condensed Interim Consolidated Statements of Cash Flow
(Expressed in Canadian dollars - Unaudited)

	For the three months ended	
	March 31,	
	2024	2023
	\$	\$
Operating activities		
Loss from continuing operations	(18,137)	(77,276)
Adjustments for:		
Share-based compensation	2,210	-
Changes in working capital items		
Receivables	(262)	(665)
Prepaid expenses	2,003	-
Trade and other payables	(23,741)	(51,796)
Cash used in operating activities	(37,927)	(129,737)
Financing activities		
Preferred share redemption	-	(9,426,461)
Cash used in financing activities	-	(9,426,461)
Net change in cash from continuing operations	(37,927)	(9,556,198)
Cash, beginning of period	337,067	9,739,689
Cash, end of period	299,140	184,491

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

Carcetti Capital Corp.

For the three months ended March 31, 2024 and 2023

Notes to the condensed interim consolidated financial statements

(Expressed in Canadian dollars - Unaudited)

1 Nature of operations and going concern

Carcetti Capital Corp. (formerly Cub Energy Inc.) (the “Company”) was engaged in the exploration and development of energy. The Company was incorporated pursuant to the provisions of the Business Corporations Act (Ontario) and continued under the Canadian Business Corporations Act in February 2012. The address of the Company’s registered and records office is 1200 – 750 West Pender Street, Vancouver, BC, V6C 2T8. The Company is listed on the NEX board of the TSX Venture Exchange (“TSXV”) under the trading symbol “CART.H”.

Going concern

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As of March 31, 2024, the Company had accumulated deficit of \$54,688,677 (December 31, 2023 – \$54,670,540) and had working capital of \$294,797 (December 31, 2023 – \$308,845), but is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with current cash on hand, and further private placements.

The Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events and potential economic global challenges such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business.

The condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2 Basis of presentation

(a) Statement of compliance

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

This condensed interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual consolidated financial statements of the Company for the years ended December 31, 2023 and 2022.

(b) Basis of consolidation

The Company held no subsidiaries and no equity investments as at March 31, 2024 and December 31, 2023.

Carcetti Capital Corp.
For the three months ended March 31, 2024 and 2023
Notes to the condensed interim consolidated financial statements
(Expressed in Canadian dollars - Unaudited)

2 Basis of presentation (continued)

(c) Basis of preparation

The condensed interim consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The condensed interim consolidated financial statements are presented in Canadian dollars unless otherwise noted.

3 Material accounting policy information

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Use of estimates and judgments

Management makes a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements in conformity with IFRS. Actual results could differ from those estimates. Significant estimates include:

- Assessment of the going concern assumption.

The accounting policy information set out below have been applied by the Company consistently to all periods presented in these consolidated financial statements.

Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company's entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss resulting from the settlement of such transactions and from the translation at the reporting date of monetary assets and liabilities denominated in foreign currencies is recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined.

Change in presentation currency

During the quarter ended March 31, 2024, the Company changed its presentation currency from US dollars to Canadian dollars. In accordance with IAS21, this change has been applied retrospectively, and all comparative figures are presented in Canadian dollars.

New accounting standards not yet effective

A number of amendments to standards and interpretations applicable to the Company are not yet effective for the three months ended March 31, 2024 and have not been applied in preparing these consolidated financial statements nor does the Company expect these amendments to have a significant effect on its consolidated financial statements.

Carcetti Capital Corp.
For the three months ended March 31, 2024 and 2023
Notes to the condensed interim consolidated financial statements
(Expressed in Canadian dollars - Unaudited)

4 Share capital and share-based payments

(a) Share capital

Issued shares

During the three months ended March 31, 2024:

There were no share issuance transactions.

During the year ended December 31, 2023:

In May 2023, the Company closed a private placement financing of 4,166,667 units at a price of \$0.12 per share for gross proceeds of \$476,000. Each unit consists of one common share of the Company and one-half share purchase warrant. Each warrant shall entitle the holder to purchase an additional common share of the Company at a price of \$0.18 for a period of one year. Of the 4,166,667 shares issued, the Company issued 200,000 common shares for gross proceeds of \$nil in connection with the severance payment of a former director, to settle \$24,000 of debt.

Preferred share redemption and special distribution

On December 30, 2022, the Company completed the reorganization of the Company's share capital to permit the Company to pay a Special Distribution of \$9.00 per share (\$0.03 per share pre-share consolidation) cash to shareholders of record as at December 23, 2022 which totaled approximately \$9,426,461. In connection with the Special Distribution, the Company filed articles of amendment which created a new class of shares called Class B Common Shares and a class of Preferred Shares and effected an exchange of the existing Company common shares for new Class B Common Shares and Preferred Shares on the basis of one Class B Common Share and one Preferred Share for every Company common share currently outstanding. The Preferred Shares were immediately redeemed, in accordance with a notice from the Company provided by way of a news release issued on December 30, 2022, in exchange for the Special Distribution. The Preferred Share Redemption was treated as a reduction in the share capital of the Company and was payable to shareholders as at December 30, 2022. During the year ended December 31, 2023, the Special Distribution was paid to shareholders of record.

(b) Stock options

The Company has a stock option plan under which it is authorized to grant options to its directors, officers, employees and consultants for the purchase of up to 10% of the issued and outstanding common shares. The term of options under the plan shall not exceed 10 years, have an exercise price not less than the current market price and may be subject to vesting terms as determined by the board of directors. The continuity and schedule of the stock options is presented below:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2022	12,333	\$ 24.00
Issued	90,000	0.26
Balance, December 31, 2023 and March 31, 2024	102,333	3.12

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4 Share capital and share-based payments (continued)

(b) Stock options (continued)

Number of Options Outstanding	Number of Options Exercisable	Weighted Average Exercise Price	Expiry Date
		\$	
12,333	12,333	24.00	December 7, 2026
90,000	45,000	0.26	November 8, 2028
102,333	57,333		

In November 2023, the Company granted 90,000 stock options to certain directors of the Company at an exercise price of \$0.26. These options were granted for a period of five years with ½ vesting immediately, and ½ vesting a year from date of grant. The estimated fair value, \$17,775, was calculated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 3.60%, forfeiture rate of 0%, no annual dividends, expected volatility of 100% and a market price of shares at grant date \$0.26. During the three months ended March 31, 2024, the Company recorded share-based compensation of \$2,210 (March 31, 2023 – \$nil).

The weighted average life of options outstanding at March 31, 2024 was 4.38 years.

(c) Warrants

	Number of warrants	Weighted Average Exercise Price
		\$
Balance, December 31, 2022	-	-
Issued	2,083,333	0.18
Balance, December 31, 2023 and March 31, 2024	2,083,333	0.18

Number of Warrants Outstanding	Weighted Average Exercise Price	Expiry Date
	\$	
2,083,333	0.18	May 16, 2024*

*See Note 9.

The weighted average life of warrants outstanding at December 31, 2023 was 0.13 years.

5 Related party transactions

Transactions with related parties are incurred in the normal course of business. Key management personnel include executive officers and non-executive directors. Executive officers are compensated and may participate in the Company's stock option plan. Non-executive directors also may participate in the Company's stock option plan.

Carcetti Capital Corp.**For the three months ended March 31, 2024 and 2023****Notes to the condensed interim consolidated financial statements**(Expressed in Canadian dollars - Unaudited)

5 Related party transactions (continued)

During the three months ended March 31, 2024, the Company entered into the following transactions with key management personnel:

	Three months ended March 31,	
	2024	2023
	\$	\$
Management fees	3,000	9,167
Consulting fees	-	32,868
Share-based compensation	2,210	-
	5,210	42,035

6 Financial instruments

The Company's financial instruments consist of cash, receivables (excluding sales tax), trade and other payables and preferred share redemption payable. The Company's financial assets and liabilities are classified at amortized cost. The fair values of the Company's financial instruments approximate their carrying values due to the short-term nature of the accounts.

The Company classifies its fair value measurements in accordance with the three levels fair value hierarchy as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
- Level 3 – Inputs that are not based on observable market data.

7 Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company has deposited its cash with a large Canadian financial institution. Management believes the risk of loss is low.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient working capital to meet liabilities when due. As at March 31, 2024, the Company had a cash balance of \$299,140 to settle accounts payable and accrued liabilities of \$13,364. Liquidity risk is assessed as low.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

Carcetti Capital Corp.

For the three months ended March 31, 2024 and 2023

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(Expressed in Canadian dollars - Unaudited)

8 Capital disclosure and management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to meet its exploration commitments. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure. The Company considers its capital structure to include shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the potential underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms and approved by the TSXV. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's overall strategy remains unchanged from 2023. The Company is not subject to any externally imposed capital requirements.

9 Subsequent events

- (a) In May 2024, the Company issued 455,000 common shares of the Company in connection with the exercise of 455,000 warrants at an exercise price of \$0.18 per share for gross proceeds of \$81,900.
- (b) In May 2024, 1,628,333 warrants with an exercise price of \$0.18 per share, expired unexercised.