SBD CAPITAL CORP.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2024 AND 2023
(UNAUDITED)
(EXPRESSED IN CANADIAN DOLLARS)

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of SBD Capital Corp. (the "Company") for the nine months ended December 31, 2024 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

In accordance with National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators, the Company herewith discloses that the accompanying unaudited interim consolidated financial statements have not been reviewed by an auditor.

Toronto, Ontario
February 11, 2025

SBD CAPITAL CORP.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024 AND MARCH 31, 2024
(Expressed in Canadian dollars)

	Note		December 31, 2024		March 31, 2024
			(Unaudited)		(Audited)
Assets					
Current					
Cash and cash equivalents		$	2,603	$	2,540
Accounts receivable			52,370		49,833
GST/HST receivable			3,469		796
Prepaid expenses			-		20,114
Total assets		$	58,442	$	73,283
Liabilities					
Current					
Accounts payable and accrued liabilities		$	272,254	$	382,456
Loans and advances	3		228,905		188,988
Total liabilities		$	501,159	$	571,444
Shareholders' deficiency					
Capital stock	4(a)		36,394,199		36,235,874
Contributed surplus			11,685,886		11,685,886
Accumulated deficit			(48,522,802)		(48,419,921)
Total shareholders' deficiency			(442,717)		(498,161)
Total liabilities and shareholders' deficiency		$	58,442	$	73,283

Nature of operations and going concern (note 1)

Approved on behalf of the board on February 11, 2025:

"Chris Irwin" Director
"Trumbull Fisher" Director

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

SBD CAPITAL CORP.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2024 and 2023
(Unaudited)
(Expressed in Canadian dollars)

	Note	Three months ended December 31,		Nine months ended December 31,	
		2024	2023	**2024**	2023
Revenue		**$ 4,258**	$ (1,604)	**$ 10,936**	$ 8,334
Cost of goods sold		**1,962**	1,680	**5,021**	3,882
Gross margin		**2,296**	(3,284)	**5,915**	4,452
EXPENSES					
Bank charges		**145**	102	**477**	432
Consulting fees		**7,500**	7,500	**22,500**	22,500
Office and general		**1,856**	2,077	**2,654**	2,077
Storage costs		**5,663**	(464)	**24,801**	14,305
Professional fees		**18,159**	11,180	**43,872**	30,568
Transfer agent and filing fees		**6,169**	5,391	**17,030**	13,443
		39,492	25,786	**111,334**	83,325
Other Items					
Unrealized foreign currency translation gain		**1,961**	2,506	**2,538**	2,610
		$ (35,235)	$ (26,564)	**$ (102,881)**	$ (76,263)
Weighted average number of common shares outstanding basic and diluted		**7,890,166**	4,723,668	**6,151,471**	4,723,668
Net loss per share - basic and diluted	4	**$ (0.01)**	$ (0.01)	**$ (0.02)**	$ (0.02)

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

SBD CAPITAL CORP.
INTERIM CONDENSED CONSOLDIATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
FOR THE NINE MONTHS ENDED DECEMBER 31, 2024 and 2023
(Unaudited)
(Expressed in Canadian dollars)

	Capital Stock								
	Number of shares		Amount		Contributed surplus		Deficit		Total
Balance - March 31, 2023	**4,723,668**	**$**	**36,235,874**	**$**	**11,685,886**	**$**	**(48,335,623)**	**$**	**(413,863)**
Comprehensive loss for the period	-		-		-		(76,263)		(76,263)
Balance – December 31, 2023	**4,723,668**	**$**	**36,235,874**	**$**	**11,685,886**	**$**	**(48,411,886)**	**$**	**(490,126)**
Comprehensive loss for the period	-		-		-		(8,035)		(8,035)
Balance - March 31, 2024	**4,723,668**	**$**	**36,235,874**	**$**	**11,685,886**	**$**	**(48,419,921)**	**$**	**(498,161)**
Share issuance – debt settlement	3,166,498		158,325		-		-		158,325
Comprehensive loss for the period	-		-		-		(102,881)		(102,881)
Balance – December 31, 2024	**7,890,166**	**$**	**36,394,199**	**$**	**11,685,886**	**$**	**(48,522,802)**	**$**	**(442,717)**

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

SBD CAPITAL CORP.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2024 and 2023
(Unaudited)
(Expressed in Canadian dollars)

Nine months ended December 31,		**2024**		2023
Operating activities				
Net loss for the period	**$**	**(102,881)**	$	(76,263)
Changes in non-cash working capital				
Accounts receivable		**(2,537)**		1,129
Prepaid expense		**20,114**		11,147
GST/HST receivable		**(2,673)**		1,761
Accounts payable and accrued liabilities		**48,123**		32,768
Net cash used in operating activities		**(39,854)**		(29,458)
Financing activities				
Increase in loans and advances		**39,917**		3,643
Net cash provided by financing activities		**39,917**		3,643
Net increase (decrease) in cash		**63**		(25,815)
Cash - beginning of year		**2,540**		27,539
Cash - end of year	**$**	**2,603**	$	1,724

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

1. NATURE OF OPERATIONS AND GOING CONCERN

SBD Capital Corp. ("the Company" or "SBD") was incorporated under the Business Corporations Act (Ontario) on May 11, 1979 and was a company with exploration and evaluation assets in Canada. The Company was engaged in acquiring controlling interests in industrial companies it the manufacturing and distribution business sector. The Company's registered office is located at Suite 401, 217 Queen Street West, Toronto, ON M5V 0R2

These unaudited interim condensed consolidated financial statements have been prepared on a going concern basis, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future, which is at least, but not limited to, one year from December 31, 2024. These interim condensed consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate.

The current market conditions and volatility increase the uncertainty of the Company's ability to continue as a going concern given the need to both manage expenditures and to raise additional funds. The Company has negative operating cash flows, has a working capital deficiency at December 31, 2024 of $442,717 (March 31, 2024 - $498,161) and an accumulated deficit at December 31, 2024 of $48,522,802 (March 31, 2024 - $48,419,921). The Company will continue to search for new or alternate sources of financing in order to continue development of its products but anticipates that the current market conditions may impact the ability to source such funds. These material uncertainties cast significant doubt on the Company's ability to continue as a going concern.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the condensed statement of financial position.

2. BASIS OF PRESENTATION

Statement of Compliance

(a) These interim condensed consolidated financial statements are unaudited and have been prepared on a condensed basis in accordance with the International Accounting Standard 34, Interim Financial Reporting, issued by the International Accounting Standards Board and interpretations of the International Financial Interpretations Committee using accounting policies consistent with International Financial Reporting Standards ("IFRS"). These unaudited interim condensed financial statements for the three and nine months ended December 31, 2024 and 2023 should be read together with the annual financial statements as at and for the year ended March 31, 2024. The same material accounting policies and methods of computation were followed in the preparation of these interim condensed financial statements as were followed in the preparation of and as described in note 3 of the annual financial statements as at and for the year ended March 31, 2024.

(b) Basis of Measurement

These unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, 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.

(c) Functional and Presentation Currency

These unaudited interim condensed consolidated financial statements are presented in Canadian dollars, which is also the Company's and its subsidiaries' functional currency.

2. BASIS OF PRESENTATION (Cont'd)

(d) Basis of Consolidation

These unaudited interim condensed consolidated financial statements include the accounts of the Company and its wholly-owned and controlled operating subsidiary, Secret Barrel Distillery Corporation. The financial statements of its subsidiary are included in the interim condensed consolidated statements from the date that control commences until the date that control ceases. All significant inter-company transactions and balances have been eliminated on consolidation. All references to the Company should be treated as references to the Company and its subsidiaries.

The cash generating unit of the Company is North America.

(e) Critical Accounting Estimates, Judgments, and Assumptions

The preparation of the unaudited interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the unaudited interim condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The significant areas of estimation uncertainty considered by management in preparing the interim condensed consolidated financial statements are as follows:

(i) Net realizable value of inventory:

Net realizable value for inventory is determined based on the selling price of the products in the normal course of operations. The selling price is impacted by several factors including, age and condition of the products, technical obsolescence, and market conditions in the customer's industry. Management estimates the selling price of inventory based on first-hand knowledge of the industry and the specific products held in inventory at year-end. These estimates will affect the carrying value of inventory and the amount of cost of goods sold.

(ii) Allowance for doubtful accounts:

Accounts receivable are reviewed for collectability on a weekly basis. Management is required to make judgment whether a receivable balance is collectable based on their relationship with the counterparty and knowledge of the counterparty's financial position. These judgments will affect the reported amount of accounts receivable as well as bad debts expense.

2. BASIS OF PRESENTATION (Cont'd)

(e) Critical Accounting Estimates, Judgments, and Assumptions (Cont'd)

(iii) Stock-based compensation expense:

The Company uses the Black-Scholes option pricing model to determine the fair value of options in order to calculate stock-based compensation expense. The Black-Scholes model involves six key inputs to determine the fair value of an option: risk-free interest rate, exercise price, market price at the date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of stock-based compensation expense.

(iv) Valuation of warrants:

The Company uses the Black-Scholes option pricing model to calculate the value of warrants issued as part of the Company's private placements. The Black-Scholes model requires six key inputs to determine a value for a warrant: risk free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. Certain of the inputs are estimates which involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. For example, a longer expected life of the warrant or a higher volatility number used would result in an increase in the warrant value.

(v) Deferred tax assets:

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent it is probable that taxable income will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies.

3. LOANS AND ADVANCES

As at December 31, 2024, the loans and advances balance is $228,905 (March 31, 2024 - $188,988). The loans and advances are non-interest-bearing bearing, have no specific terms of repayment.

4. CAPITAL STOCK

(a) **Common shares**
Authorized capital - Unlimited number of common shares
- Unlimited number of special shares
- 500,000 preference shares

On August 29, 2024, the Company issued 3,166,498 common shares to settle an aggregate of $158,325 of indebtedness.

(Expressed in Canadian dollars)

4. CAPITAL STOCK (Cont'd)

(b) **Stock option plan and share-based compensation**

The Company has a stock option plan (the "Plan") under which it is authorized to grant stock options to acquire common shares to Directors, officers, employees and consultants. The aggregate number of common shares which may be issued and sold under the Plan will not exceed 10% of the aggregate number of common shares issued and outstanding from time to time. The number of common shares which may be reserved for issue to any one individual under the Plan within any one-year period shall not exceed 5% of the outstanding issue. The Board of Directors shall determine the exercise price of stock options issued, as applicable, based on the market price. The stock options are non-assignable and may be granted for a term not exceeding five years. Stock options issued under the Plan may vest at the discretion of the Board of Directors.

As at December 31, 2024, no options are outstanding.

(c) **Warrants**

The following table summarizes warrants that have been issued, exercised or have expired during the period ended December 31, 2024 and March 31, 2024:

	Number	Weighted-Average Exercise Price	Expiry Date
Balance at March 31, 2022 and 2023	**2,650,000**	**$0.60**	
Expired	**(150,000)**	**$0.60**	December 30, 2023
Balance at December 31, 2024 and March 31, 2024	**2,500,000**	**$0.60**	

Date of Issuance	Number of Warrants	Exercise Price	Expiry Date
April 15, 2021	2,500,000	$0.60	April 15, 2025

Basic and diluted loss per common share based on net loss:

Numerator:	**December 31, 2024**	December 31, 2023
Net loss for the nine months ended	**$ (102,881)**	$ (76,263)
Denominator:		
Weighted average number of common shares outstanding - diluted	**6,151,471**	4,723,668
Loss per common share based on net loss for the year:		
Basic	**$ (0.02)**	$ (0.02)
Diluted	**$ (0.02)**	$ (0.02)

(Expressed in Canadian dollars)

4. CAPITAL STOCK (Cont'd)

Maximum share dilution:

The following table presents the maximum number of shares that would be outstanding if all outstanding stock options and warrants were exercised as at December 31, 2024 and March 31, 2024:

	December 31, 2024	March 31, 2024
Common shares outstanding	**7,890,166**	4,723,668
Warrants to purchase common shares	**2,500,000**	2,500,000
Fully diluted common shares outstanding	**10,390,166**	7,223,668

5. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

Nine months ended December 31,	**2024**	2023
Short-term benefits*	**$ 22,500**	$ 22,500
Legal fees	**26,372**	-
	$ 48,872	$ 22,500

*includes base salaries pursuant to contractual employment, or consultancy arrangements. These have been recorded in consulting fees and professional fees.

The Company owed a partnership in which a director is a partner in the amount of $124,354 as at December 31, 2024 (March 31, 2024 - $94,409). In addition, the Company owed a corporation owned by a director in the amount of $15,420 as at December 31, 2024 (March 31, 2024 - $15,420). As at December 31, 2024, the Company owed a corporation owned by an officer in the amount of $56,500 (March 31, 2024 - $39,000).

The Company owed $101,523, in loans and advances, to a company owned by a director.

6. FINANCIAL RISK FACTORS

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risks (commodity prices, foreign currency exchange rate and interest rate), credit risk and liquidity risk through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities and, if required, through the use of derivative financial instruments. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and up-to-date market information.

6. FINANCIAL RISK FACTORS (Cont'd)

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, due from related party, reclamation bonds, accounts payable and accrued liabilities, and amounts due to related parties. The fair value of the Company's receivables, due from related party, accounts payable and accrued liabilities, and amounts due to related parties approximate their carrying value, due to their short-term maturities or ability of prompt liquidation. The Company's cash and cash equivalents are recorded at fair value, under the fair value hierarchy, based on level one quoted prices in active markets for identical assets or liabilities. The Company's other financial instrument, being reclamation bonds, are measured at amortized cost.

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Market Risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis.

a) Interest Rate Risk

The Company has cash balances and is not at a significant risk to fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of December 31, 2024, the Company did not have any investments in investment-grade short-term deposit certificates.

b) Foreign currency risk

As at December 31, 2024, the Company's expenditures are predominantly in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars and therefore is not at a significant risk to fluctuating exchange risks.

Liquidity Risk

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main sources of liquidity is derived from its common stock issuances. These funds are primarily used to finance working capital, operating expenses, capital expenditures, and acquisitions.

The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash and cash equivalents.

As at December 31, 2024, the Company held cash of $2,603 (March 31, 2024 - $2,540) to settle current liabilities of $501,159 (March 31, 2024 - $571,444). All of the Company's non-provision liabilities are due with the next fiscal year.

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. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The Company has reduced its credit risk by investing its cash equivalents with a Canadian chartered bank.

7. CAPITAL MANAGEMENT

The Company defines capital management in the manner it manages its capital stock. As at December 31, 2024, the Company's capital stock was $36,394,199 (March 31, 2024 - $36,235,874).

There were no changes in the Company's approach to capital management during the period ended December 31, 2024 and the Company is not subject to any externally imposed capital requirements.

The Company's objectives when managing capital are:

a) To safeguard the Company's financial capacity and liquidity for future earnings in order to continue to provide an appropriate return to shareholders and other stakeholders;

b) To maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk; and

c) To enable the Company to maximize growth by meeting its capital expenditure budget, to expand its budget to accelerate projects, and to take advantage of acquisition opportunities.

The Company's capital structure includes components of shareholders' equity.

The Company regularly monitors and reviews the amount of capital in proportion to risk and future development and exploration opportunities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debt or equity or similar instruments, reduce debt levels from, or make adjustments to, its capital expenditure program.