

**BIRCHTREE INVESTMENTS LTD.**

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED NOVEMBER 30, 2024 AND 2023

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Birchtree Investments Ltd.  
Condensed Interim Statements of Financial Position  
(Expressed in Canadian Dollars)  
(Unaudited)

<b>As at</b>	<b>November 30, 2024</b>		<b>August 31, 2024</b>	
<b>ASSETS</b>				
<i>Current</i>				
Cash	\$	5,538	\$	31,242
Subscription receivable		-		200,000
Prepaid insurance		7,959		11,938
<i>Total current assets</i>		13,496		243,180
Investments (note 3)		4,204,851		6,211,768
<b>Total assets</b>	<b>\$</b>	<b>4,218,348</b>	<b>\$</b>	<b>6,454,948</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities (note 9)	\$	108,035	\$	78,812
Insurance loan payable		5,408		9,463
Deferred revenue (note 9)		120,000		120,000
<i>Total current liabilities</i>		233,442		208,275
Deferred revenue (note 9)		145,000		175,000
Deferred taxes payable		203,727		203,727
<b>Total liabilities</b>	<b>\$</b>	<b>582,169</b>	<b>\$</b>	<b>587,002</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital (note 4)	\$	6,575,785	\$	6,475,223
Contributed surplus		59,763		59,763
Retained earnings (deficit)		(2,999,369)		(667,040)
<b>Total shareholders' equity</b>		<b>3,636,178</b>		<b>5,867,946</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$</b>	<b>4,218,348</b>	<b>\$</b>	<b>6,454,948</b>

Nature of operations and going concern (note 1)

Approved on behalf of the Board:

"Vitali Savitski"  
Director

"James Greig"  
Director

Birchtree Investments Ltd.  
Condensed Interim Statements of Income (Loss) and Comprehensive Income (Loss)  
(Expressed in Canadian Dollars)  
(Unaudited)

<b>For the three months ended</b>	<b>November 30, 2024</b>		<b>November 30, 2023</b>
<b>Income (loss)</b>			
Realized gain (loss) on sale of investments (note 3)	\$	-	\$ 5,254
Unrealized gain (loss) on investments (note 3)		<b>(2,206,917)</b>	828,822
Consulting fee income (note 9)		30,000	-
Interest income		-	4,941
<b>Income (loss) from investments and consulting</b>		<b>(2,176,916)</b>	839,015
<b>Expenses</b>			
Investor relations		3,343	4,059
Office and general		4,642	10,895
Professional fees (note 9)		46,866	51,711
Share-based compensation (note 4 and 9)		100,562	8,348
<b>Total operating expenses</b>		<b>155,413</b>	75,013
<b>Net income (loss) and comprehensive income (loss) for the period</b>	<b>\$</b>	<b>(2,332,329)</b>	<b>\$ 764,003</b>
<b>Net income (loss) per share - basic/diluted (note 6)</b>	<b>\$</b>	<b>(0.03)</b>	<b>\$ 0.01</b>
<b>Weighted average number of common shares - basic/diluted (note 6)</b>		<b>89,615,500</b>	<b>78,515,500</b>

Birchtree Investments Ltd.  
Condensed Interim Statements of Cash Flows  
(Expressed in Canadian Dollars)  
(Unaudited)

For the three months ended	November 30, 2024	November 30, 2023
<b>Operating activities</b>		
Net income (loss) for the period	\$ (2,332,329)	\$ 764,003
<i>Items not affecting cash:</i>		
Accrued interest income	-	(4,941)
Realized loss (gain) on sale of investments	-	(5,254)
Unrealized loss (gain) on investments	2,206,917	(828,822)
Share-based compensation	100,562	8,348
<i>Changes in non-cash working capital items:</i>		
Prepaid insurance	3,979	3,966
Subscription receivable	200,000	-
Accounts payable and accrued liabilities	29,222	5,829
Deferred revenue	(30,000)	-
Insurance loan payable	(4,056)	(4,052)
<b>Net cash used in operating activities</b>	<b>174,295</b>	<b>(60,922)</b>
<b>Investing activities</b>		
Purchase of investments	(200,000)	-
Sale of investments	-	39,730
<b>Net cash used in investing activities</b>	<b>(200,000)</b>	<b>39,730</b>
<b>Net change in cash</b>	<b>(25,705)</b>	<b>(21,193)</b>
<b>Cash, beginning of period</b>	<b>31,242</b>	<b>94,141</b>
<b>Cash, end of period</b>	<b>\$ 5,538</b>	<b>\$ 72,949</b>

Birchtree Investments Ltd.  
Condensed Interim Statements of Changes in Shareholders' Equity  
(Expressed in Canadian Dollars)  
(Unaudited)

	Number of Shares	Share Capital	Contributed Surplus	Retained Earnings (Deficit)	Total
<b>Balance, August 31, 2023</b>	78,515,500	\$ 5,468,140	\$ 51,415	\$ (3,424,525)	\$ 2,095,030
Stock-based compensation (note 5)	-	-	8,348	-	8,348
Net income (loss) and comprehensive income (loss) for the period	-	-	-	764,003	764,003
<b>Balance, November 30, 2023</b>	<b>78,515,500</b>	<b>\$ 5,468,140</b>	<b>\$ 59,763</b>	<b>\$ (2,660,522)</b>	<b>\$ 2,867,380</b>
<b>Balance, August 31, 2024</b>	89,615,500	\$ 6,475,223	\$ 59,763	\$ (667,040)	\$ 5,867,946
Share-based compensation (note 4)	-	100,562	-	-	100,562
Net income (loss) and comprehensive income (loss) for the period	-	-	-	(2,332,329)	(2,332,329)
<b>Balance, November 30, 2024</b>	<b>89,615,500</b>	<b>\$ 6,575,785</b>	<b>\$ 59,763</b>	<b>\$ (2,999,369)</b>	<b>\$ 3,636,178</b>

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Birchtree Investments Ltd. (previously Greenridge 4.0 Acquisitions Corp.) ("Birchtree" or the "Company") was incorporated under the Business Corporations Act (British Columbia) on February 2, 2021. The registered head office of the Company is 2900-550 Burrard Street, Vancouver, BC V6C 0A3, Canada. The Company is an investment company with the long-term goal of divesting its investment assets at a profit with a focus on (i) early stages of a target company's development, (ii) technologies that are developed and validated but may be in the early stage of commercialization, or (iii) target companies that require strategic guidance and thus are undervalued.

The Company filed a notice of alteration of its articles in order to change its name to "Birchtree Investments Ltd." on June 23, 2021 in order to coincide with the voluntary dissolution of its subsidiary, Birchtree Investments Limited ("Limited"). Limited was incorporated under the Business Corporations Act (British Columbia) on January 29, 2021 and was voluntarily dissolved on June 9, 2021. On May 18, 2021, pursuant to a share exchange agreement Birchtree issued 54,100,000 common shares as consideration for acquisition of the 54,100,000 outstanding common shares in the capital of Limited. The acquisition was accounted for as a reverse takeover ("RTO") whereby Limited was identified as the acquirer for accounting purposes and the resulting condensed interim financial statements are presented as a continuance of Limited. The Company began trading on the Canadian Securities Exchange ("CSE") under the trading symbol "BRCH" as of market open on March 1, 2023.

These condensed interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. For the three months ended November 30, 2024, the Company reported a net loss of \$2,332,329 (three months ended November 30, 2023 - net income of \$764,003) and had a cash inflow from operating activities of \$174,295 (three months ended November 30, 2023 - cash outflow of \$60,922). The Company has a cash balance of \$5,538 (August 31, 2024 - \$31,242). The Company's ability to continue as a going concern is dependent upon its ability to develop and maintain profitable operations or to obtain additional financing. However, there is no assurance that the outcome of these matters will be successful and, as a result, there are material uncertainties that might cause significant doubt regarding the going concern assumption.

These condensed interim financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying condensed interim financial statements. Such adjustments could be material.

## 2. BASIS OF PREPARATION

### Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements.

The same accounting policies and methods of computation are followed in these condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended August 31, 2024. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending August 31, 2024 could result in restatement of these condensed interim financial statements.

These condensed interim financial statements were approved and authorized for issuance by the Board of Directors on January 28, 2025.

### Accounting standards issued and adopted

The Company adopted the following accounting policies during the period. In January 2020 and further amended in July 2020, the IASB issued amendments to IAS 1, "Presentation of Financial Statements," clarifying the criteria for classifying liabilities as current or non-current, particularly concerning rights to defer settlement. These amendments are effective for annual reporting periods beginning on or after January 1, 2024. The Company adopted these amendments on September 1, 2023. The adoption did not have a material impact on the Company's financial statements. The Company has evaluated other new and amended standards issued by the IASB that are effective for annual reporting periods beginning on or after September 1, 2024, and has determined that they are not applicable to the Company's operations or do not have a material impact on its financial statements.

### 3. INVESTMENTS

The Company's investments are financial instruments and have been classified at fair value through profit and loss with gains and losses recorded in net income. Investment transactions are recorded on a trade date basis.

Investment	August 31, 2024				November 30, 2024				Change in Unrealized / Realized P&L Impact
	Number	Cost	FMV	Unrealized	Number	Cost	FMV	Unrealized	
Ehave Inc. Common Shares	1,743,861	\$ 350,000	\$ 1,647	\$ (348,353)	1,743,861	\$ 350,000	\$ 2,441	\$ (347,559)	\$ 795
Boba Mint Holdings Ltd. Common Shares	11,000,000	\$ 550,000	\$ 55,000	\$ (495,000)	11,000,000	\$ 550,000	\$ 110,000	\$ (440,000)	\$ 55,000
American Aires Common Shares	5,624,615	\$ 447,730	\$ 2,334,215	\$ 1,886,485	6,424,615	\$ 647,730	\$ 1,574,031	\$ 926,300	\$ (960,185)
Warrants	7,505,587	\$ 395,960	\$ 2,131,906	\$ 1,735,946	6,580,587	\$ 395,960	\$ 829,380	\$ 433,420	\$ (1,302,527)
Firstpayment Inc. Common Shares	600,000	\$ 150,000	\$ 30,000	\$ (120,000)	600,000	\$ 150,000	\$ 30,000	\$ (120,000)	\$ -
Somerset Energy Common Shares	1,670,000	\$ 501,000	\$ 584,500	\$ 83,500	1,670,000	\$ 501,000	\$ 584,500	\$ 83,500	\$ -
Valkyrie Specialty Common Shares	795,926	\$ 1,074,500	\$ 1,074,500	\$ -	795,926	\$ 1,074,500	\$ 1,074,500	\$ -	\$ -
<b>Total</b>		<b>\$ 3,469,191</b>	<b>\$ 6,211,768</b>	<b>\$ 2,742,578</b>		<b>\$ 3,669,190</b>	<b>\$ 4,204,852</b>	<b>\$ 535,661</b>	<b>\$ (2,206,917)</b>

#### Investment in Ehave, Inc. ("Ehave")

As at August 31, 2024 and November 30, 2024, the Company had 1,743,861 common shares of Ehave. There were no transactions involving Ehave during the three months ended November 30, 2024. The investment in common shares is considered Level 1 in the fair value hierarchy. As a result of changes in the fair market value of the shares held in Ehave an unrealized gain of \$795 (November 30, 2023 – unrealized gain of \$3,796) has been recorded in the condensed interim statements of income (loss) and comprehensive income (loss) during the three months ended November 30, 2024.

#### Investment in Boba Mint Holdings Ltd. ("Boba Mint")

As at August 31, 2024 and November 30, 2024, the Company had 11,000,000 common shares of Boba Mint. There were no transactions involving Boba Mint during the three months ended November 30, 2024. The investment in these common shares is considered Level 1 in the fair value hierarchy (2023 – Level 3 as Boba Mint was a private company). As a result of changes in the fair market value of Boba Mint an unrealized gain of \$55,000 (November 30, 2023 - \$nil) has been recorded in the condensed interim statements of income (loss) and comprehensive income (loss) during the three months ended November 30, 2024.

### **Investment in American Aires Inc. ("American Aires")**

As at August 31, 2024, the Company held 5,624,615 common shares and 7,505,587 warrants of American Aires. During the three months ended November 30, 2024, the Company had the following transactions with respect to American Aires:

- On September 17, 2024, the Company exercised 800,000 warrants at \$0.25 to purchase 800,000 common shares of American Aires for total proceeds of \$200,000.
- On September 20, 2024, 125,000 outstanding warrants with \$1.25 exercise price expired unexercised.

The investment in common shares is considered Level 1 in the fair value hierarchy. As a result of changes in the fair market value of the shares held in American Aires an unrealized loss of \$960,185 (November 30, 2023 – unrealized gain of \$772,760) has been recorded in the condensed interim statements of income (loss) and comprehensive income (loss) during the three months ended November 30, 2024.

The investment in warrants is considered Level 2 in the fair value hierarchy. As a result of changes in the fair market value of the warrants held in American Aires an unrealized loss of \$1,302,527 (November 30, 2023 – unrealized gain of \$97,196) has been recorded in the condensed interim statements of income (loss) and comprehensive income (loss) during the three months ended November 30, 2024.

### **Investment in Firstpayment Inc. ("Firstpayment")**

As at August 31, 2024 and November 30, 2024, the Company had 600,000 common shares of Firstpayment. There were no transactions involving Firstpayment during the three months ended November 30, 2024 and 2023, except for 300,000 outstanding warrants expiring unexercised on October 29, 2023. The investment in these common shares is considered Level 3 in the fair value hierarchy as Firstpayment is a private company. As a result of changes in the fair market value of Firstpayment an unrealized gain/loss of \$nil (November 30, 2023 - \$nil) has been recorded in the condensed interim statements of income (loss) and comprehensive income (loss) during the three months ended November 30, 2024.

### **Somerset Energy Partners ("Somerset")**

As at August 31, 2024 and November 30, 2024, the Company had 1,670,000 common shares of Somerset. There were no transactions involving Somerset during the three months ended November 30, 2024. The investment in these common shares and warrants is considered Level 3 in the fair value hierarchy as Somerset is a private company. As a result of changes in the fair market value in Somerset common shares an unrealized loss of gain/loss of \$nil (November 30, 2023 – \$nil) has been recorded in the condensed interim statements of income (loss) and comprehensive income (loss) during the three months ended November 30, 2024.

### **Valkyrie Specialty Corporation ("Valkyrie")**

On March 29, 2024, the Company acquired an aggregate of 795,926 common shares in the capital of a private British Columbia company that is the sole shareholder of Valkyrie Specialty Corporation. Pursuant to a share exchange agreement (the "SEA") dated March 23, 2024, the Company issued to Valkyrie an aggregate of 5,000,000 common shares at a deemed price of \$0.115 per share, in exchange for 425,926 common shares of Valkyrie at a deemed price of \$1.35 per share. In addition, the Company subscribed for an additional 370,000 common shares in the capital of Valkyrie at a price of \$1.35 per share for \$499,500. The investment in these common shares is measured at Level 3 in the fair value hierarchy as Valkyrie is a private company. As there have been no changes in the fair market value of Valkyrie gain/loss of \$nil has been recorded in the statements of income (loss) and comprehensive income (loss) during the three months ended November 30, 2024.



#### 4. SHARE CAPITAL

##### (a) Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

##### (b) Common shares issued

	Shares	Amount
Balance August 31, 2023	78,515,500	\$ 5,468,140
No activity	-	-
Balance November 30, 2023	78,515,500	\$ 5,468,140
Balance August 31, 2024	89,615,500	\$ 6,475,223
Share-based compensation	-	100,562
Balance August 31, 2024	89,615,500	\$ 6,575,785

On May 8, 2024, the Company granted 12,200,000 restricted stock units (“RSUs”) to its directors and officers, 50% of which vested immediately and the remaining 50% to vest 9 months from the grant date. The share-based compensation of \$100,562 was recorded in the statement of income (loss) and comprehensive income (loss) during the three month period ended November 30, 2024.

#### 5. STOCK OPTIONS

The Company has adopted an incentive stock option plan. Options may be granted for a maximum term of ten years from the date of the grant. They are not transferable. Unless the Board determines otherwise, options shall be exercisable in whole or in part at any time during this period. Options expire within 90 days of termination of employment or holding office as director or officer of the Company and, in the case of death, expire within a maximum period of one year after such death, subject to the expiry date of the option.

	Stock options	WAEP (\$)*
Balance August 31, 2023	1,550,000	0.10
Issued (i)	1,000,000	0.05
Forfeited (ii)	(850,000)	(0.10)
Balance August 31, 2024	1,700,000	0.07
Balance August 31, 2024	1,700,000	0.07
No activity	-	-
Balance November 30, 2024	1,700,000	0.07

\* WAEP = weighted average exercise price

- (i) On October 2, 2024, the Company granted stock options to an incoming CFO to purchase 1,000,000 common shares of the Company at an exercise price of \$0.05 for a period of 3 years following the date of grant which vest immediately. The options were valued at \$8,348 using a Black-Scholes valuation model with the following assumptions: share price of \$0.01 per common shares, expected dividend yield of 0%, expected volatility of 200%, risk-free rate of 4.03%, and expected life of 3 years.
- (ii) During the year ended August 31, 2024, 850,000 options expired on an accelerated basis due to some of the optionees no longer being involved with the Company.

#### 6. GAIN (LOSS) PER SHARE

Basic income (loss) per share is computed using the weighted average number of common shares outstanding during the year. The treasury stock method is used for the calculation of diluted income per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of

the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same, as the inclusion of stock options and warrants is anti-dilutive.

For the period ended	November 30, 2024	November 30, 2023
Weighted average shares outstanding		
-basic	89,615,500	78,515,500
Dilutive effect of warrants and options	-	-
Weighted average shares outstanding		
-diluted	89,615,500	78,515,500
Income (loss) per share		
-basic and diluted	\$ (0.03) \$	0.01

## 7. FINANCIAL INSTRUMENTS AND OBJECTIVES AND POLICIES

### Risk Management

In the normal course of business, the Company is exposed to a number of risks that can affect its operating performance. These risks, and the actions taken to manage them, are as follows:

### Fair Values

The Company has designated its cash as FVTPL which are measured at fair value. Fair value of cash is determined based on transaction value and is categorized as a Level One measurement.

- Level One - includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level Two - includes inputs that are observable other than quoted prices included in Level One.
- Level Three - includes inputs that are not based on observable market data.

The following tables present the Company's financial instruments that have been measured at fair value as at November 30, 2024 and August 31, 2024:

As at November 30, 2024	Level 1	Level 2	Level 3	Total
Cash	\$ 5,538	\$ -	\$ -	\$ 5,538
Investments - Common Shares	\$ 1,686,472	\$ -	\$ 1,689,000	\$ 3,375,472
Investments - Warrants	\$ -	\$ 829,380	\$ -	\$ 829,380
As at August 31, 2024				
Cash	\$ 31,242	\$ -	\$ -	\$ 31,242
Investments - Common Shares	\$ 2,390,862	\$ -	\$ 1,689,000	\$ 4,079,862
Investments - Warrants	\$ -	\$ 2,131,906	\$ -	\$ 2,131,906

The valuation of Level 3 investments involves significant judgment and the use of unobservable inputs. The fair value for each investment was determined using techniques consistent with the principles outlined in IFRS 13, as described below:

#### Valkyrie

The fair value was determined based on the price from the most recent private placement, which represents an orderly transaction between market participants under current market conditions. This transaction reflects the value at which investors were willing to transact and is considered the best estimate of fair value at the reporting date. No adjustments were deemed necessary, as the transaction was recent and aligned with observable market evidence.

#### Firstpayment

The valuation remained unchanged from the prior year due to the absence of new operational developments,

contracts, or revenues. While the company has not generated activity, management exercised judgment in maintaining the carrying value, as the business has potential to pivot into new directions that could enhance future value. The fair value was not reduced further, as management believes that the company's intangible assets and potential strategic repositioning justify the current valuation. This assessment is inherently subjective and involves significant uncertainty. The absence of observable market data or recent transactions increases the reliance on management's judgment. Any future developments or transactions will be reflected in subsequent reporting periods.

#### Somerset

The fair value was determined based on the price from the most recent private placement, which represents an orderly transaction between market participants under current market conditions. This transaction reflects the value at which investors were willing to transact and is considered the best estimate of fair value at the reporting date. No adjustments were deemed necessary, as the transaction was recent and aligned with observable market evidence.

#### Key Inputs and Sensitivity Analysis

The valuations incorporate the following significant unobservable inputs:

- Valkyrie: Recent private placement price (no adjustments applied)
- Firstpayment: Management judgment on the potential for future business developments
- Somerset: Recent private placement price (no adjustment applied)

Changes in these inputs, particularly the completion of private placements or significant business developments, could materially affect the fair value. While specific sensitivity analyses have not been provided due to the binary nature of key inputs (e.g., occurrence of transactions or business milestones), future fair value measurements will reflect any observable changes in these assumptions.

#### Valuation Methodology and Compliance

These valuations are consistent with IFRS 13 principles, incorporating the most reliable information available at the reporting date. The use of recent transactions (Valkyrie, Somerset) and management judgment (Firstpayment) reflects fair value as defined by IFRS 13.

Management regularly reviews valuations to ensure they remain reflective of market conditions and adjusts them as new information becomes available.

#### **Credit Risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. As at November 30, 2024, management believes that the credit risk with respect to cash and subscription receivable is minimal. Cash is held with reputable Canadian financial institutions, and receivables are from trusted institutions or individuals from which management believes the risk of loss to be minimal.

#### **Liquidity Risk**

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at November 30, 2024, the Company had cash of \$5,538 to settle current liabilities of \$113,442. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

## **Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market risk factors.

### *Price risk*

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All investments present a risk of loss of capital. This risk is managed through a careful selection of investments and other financial instruments within the parameters of the investment strategies.

Price risk typically arises from exposure to equity and commodity securities. If the prices on the respective exchanges for these securities increased or decreased by 10%, all other variables held constant the investment value could have increased or decreased by approximately \$420,485 (August 31, 2024 - \$621,177).

## **8. CAPITAL MANAGEMENT**

The Company's objective when managing its capital is to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions and to maximize shareholder return through enhancing the share value. The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis. The Company's ability to continue to carry out its planned activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing. The Company considers its capital to be equity, which comprises share capital, warrants, contributed surplus and accumulated deficit, which as at November 30, 2024 totaled \$3,636,178 (August 31, 2024 - \$5,867,946). Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

## **9. RELATED PARTY TRANSACTIONS**

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Prior to September 28, 2023, the Chief Financial Officer ("CFO") of the Company was the managing director of Marrelli Support Services Inc. ("MSSI"). During the three months ended November 30, 2024, the Company incurred professional fees of \$nil (three months ended November 30, 2023 - \$13,095) to MSSI. These services were incurred in the normal course of operations for general accounting and financial reporting matters and CFO fees. As at November 30, 2024, MSSI was owed \$nil (August 31, 2024 - \$nil), with respect to services provided, and this amount was included in accounts payable and accrued liabilities.

On September 28, 2023, the CFO of the Company (Marrelli Support Services Inc.) resigned from the position. This vacant position was filled by an existing director of the Company on September 30, 2023. On October 2, 2023, the new CFO was issued 1,000,000 stock options of the Company with an estimated value of \$8,348 as described in Note 5.

From September 28, 2023, all accounting, bookkeeping and reporting is performed in-house by one of the existing directors of the Company. During the period ended November 30, 2024, the Company incurred \$10,170 with respect to the above. Amount payable at November 30, 2024 is \$10,170 (August 31, 2024 - \$3,390) and included in accounts payable and accrued liabilities.

The Chief Executive Officer (“CEO”) of the Company entered a contract with the Company for a monthly compensation of \$10,000 (exclusive of tax) per month in June 2023 and during the three months ended November 30, 2024, the Company incurred professional fees of \$33,900 to the CEO. As at November 30, 2024, CEO was owed \$33,900 (August 31, 2024 - \$11,300), with respect to service provided, and this amount was included in accounts payable and accrued liabilities. The CEO also acts as a chief financial officer of one portfolio investment company - American Aires Inc. Management has performed its assessment over the Company’s exposure to American Aires Inc. and concluded that there is no significant influence as at November 30, 2024.

On February 16, 2024, the Company entered into a consulting agreement with American Aires. The consulting agreement is for a period of 3 years and the Company is to act as consultant on various matters such as commercial sales strategy, capital markets support, assisting with due diligence packages for strategic partners, advising on large commercial engagements and other business areas. American Aires paid \$360,000 to the Company as part of the consulting agreement, which has been recorded on the statement of financial position as deferred revenue. The deferred revenue will be gradually reduced and brought into income as services are performed by the Company. During the three months ended November 30, 2024, the Company recorded \$30,000 as consulting fee income and the remaining \$265,000 is recorded as deferred revenue on the statement of financial position as at November 30, 2024 (\$120,000 as current liability and \$145,000 as long-term liability).

On May 8, 2024, the Company granted 12,200,000 restricted stock units (“RSUs”) to its directors and officers, 50% of which vested immediately and the remaining 50% to vest 9 months from the grant date. The share-based compensation of \$100,562 was recorded in the statements of income (loss) and comprehensive income (loss) during the three months ended November 30, 2024.