

TRENCHANT TECHNOLOGIES CAPITAL CORP.

(formerly Trenchant Capital Corp.)

Consolidated Financial Statements

Year Ended March 31, 2024

Expressed in Canadian Dollars



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of Trenchant Technologies Capital Corp.

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company incurred losses for most years since inception and had an accumulated deficit of \$7,640,760. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Except for the matter described in Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

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Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Otto Ehinger.



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

July 31, 2024

Trenchant Technologies Capital Corp.
(formerly Trenchant Capital Corp.)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	March 31, 2024	March 31, 2023
ASSETS			
Current assets			
Cash		\$ 336,803	\$ 731,564
Accounts receivable	8	-	32,436
Other receivable		1,475	35,180
Prepays		9,180	8,903
Convertible notes	5	-	500,000
		347,458	1,308,083
Long-term assets			
Property and equipment, net	6	213,612	283,769
Investment	3	-	375,925
Investment in associate	4	1,130,851	-
TOTAL ASSETS		\$ 1,691,921	\$ 1,967,777
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7, 9	\$ 742,832	\$ 199,998
Lease liability, current portion	8	66,297	53,580
		809,129	253,578
Long-term Liabilities			
Lease liability	8	89,414	155,711
TOTAL LIABILITIES		898,543	409,289
SHAREHOLDERS' EQUITY			
Share capital	10	7,692,789	6,945,289
Share subscription received		137,500	-
Share-based payment reserve	10	603,849	541,931
Deficit		(7,640,760)	(5,928,732)
TOTAL SHAREHOLDERS' EQUITY		793,378	1,558,488
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 1,691,921	\$ 1,967,777

Going concern (Note 1)

Subsequent events (Notes 4, 13)

On behalf of the board:

"Eric Boehnke"
Eric Boehnke, Director

"Tom English"
Tom English, Director

Trenchant Technologies Capital Corp.
(formerly Trenchant Capital Corp.)
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	Years ended	
		March 31, 2024	March 31, 2023
Revenues			
Interest income		\$ -	\$ 999,683
Expenses			
Accretion		-	91,170
Business development		68,607	32,020
Consulting	9	610,788	584,235
Depreciation	6	78,723	73,937
General and administrative		89,097	53,020
Interest		11,022	825,300
Professional fees		225,379	80,712
Transfer agent and filing fees		23,295	42,253
		(1,106,911)	(1,782,647)
Other items			
Rental income	9	18,692	74,368
Impairment of convertible notes	5	(500,000)	(250,000)
Write-off of other receivable	9	(36,205)	-
Gain on sale of investment	3	43,463	438,675
Share-based payment	10	(61,918)	-
Equity loss on investment in associate	4	(69,149)	-
Unrealized loss on investment	3	-	(647,942)
		(605,117)	(384,899)
Comprehensive loss for the year		\$ (1,712,028)	\$ (1,167,863)
Loss per share – basic and diluted		\$ (0.05)	\$ (0.03)

Trenchant Technologies Capital Corp.
(formerly Trenchant Capital Corp.)
Consolidated Statement of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Share Capital					Deficit	Total
	Number of Common shares	Common shares	Subscriptions received	Share-based payment reserve			
Balance at March 31, 2022	34,211,286	\$ 6,945,289	\$ -	\$ 541,931	\$ (4,760,869)	\$ 2,726,351	
Comprehensive loss	-	-	-	-	(1,167,863)	(1,167,863)	
Balance at March 31, 2023	34,211,286	\$ 6,945,289	\$ -	\$ 541,931	\$ (5,928,732)	\$ 1,558,488	
Subscriptions received	-	-	137,500	-	-	137,500	
Warrants exercised	14,950,000	747,500	-	-	-	747,500	
Share-based payments	-	-	-	61,918	-	61,918	
Comprehensive loss	-	-	-	-	(1,712,028)	(1,712,028)	
			\$ -				
Balance at March 31, 2024	49,161,286	\$ 7,692,789	137,500	\$ 603,849	\$ (7,640,760)	\$ 793,378	

See accompanying notes to the consolidated financial statements

Trenchant Technologies Capital Corp.
(formerly Trenchant Capital Corp.)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Years ended	
	March 31, 2024	March 31, 2023
Operating activities		
Comprehensive loss for the year	\$ (1,712,028)	\$ (1,167,863)
Adjustments for non-cash items:		
Accretion expense	-	91,170
Accrued interest expense	11,100	14,213
Depreciation	78,723	73,937
Gain on sale of investment	(43,463)	(438,675)
Share-based payments	61,918	-
Unrealized gain on investment	-	647,942
Impairment of convertible notes	500,000	250,000
Write-off of other receivable	36,205	-
Equity loss on investment in associate	69,149	-
Changes in non-cash working capital items:		
Advance	(2,500)	-
Receivables	32,436	(67,616)
Prepaid expenses	(277)	(1,657)
Interest receivable	-	531,689
Payment in kind interest receivable	-	991,611
Accounts payables and accrued liabilities	542,834	(884,777)
Net cash flows provided by (used in) operating activities	(425,903)	39,974
Investing activities		
Convertible note	-	(500,000)
Proceeds on sale of investment	419,388	439,808
Purchases of property and equipment	(8,566)	(61,475)
Investment in associate	(1,200,000)	-
Repayment of loans	-	19,923,000
Net cash flows provided by (used in) investing activities	(789,178)	19,801,333
Financing activities		
Proceeds on exercise of warrants	747,500	-
Subscriptions received	137,500	-
Repayment of lease obligation	(64,680)	(70,132)
Repayment of debentures	-	(19,923,000)
Net cash flows provided by (used in) financing activities	820,320	(19,993,132)
Decrease in cash for the year	(394,761)	(151,825)
Cash, beginning of year	731,564	883,389
Cash, end of year	\$ 336,803	\$ 731,564

1. Nature and continuance of operations

Trenchant Capital Corp. (the “Company”) was incorporated under the British Columbia Business Corporations Act on December 17, 2009 and trades on Canadian Stock Exchange (“CSE”) under the symbol “TCC”.

The Company’s head office is located at suite 2380, 1055 West Hastings Street, Vancouver, BC, V6E 2E9.

These 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. The Company has incurred losses for most of the years since its inception and had an accumulated deficit of \$7,640,760 at March 31, 2024, which has been funded primarily by loans from related parties, equity issuances and debenture issuances. This indicates the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. The 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. Such adjustments could be material.

2. Material accounting policy information and basis of preparation

The consolidated financial statements were authorized for issue on July 31, 2024 by the directors of the Company.

Statement of compliance with International Financial Reporting Standards

The consolidated financial statements of the Company comply with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

Revenue recognition

Interest income on loans is determined using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating the income over the life of the asset. The effective interest rate is the rate that discounts estimated future cash flows to the initial carrying amount.

Financial Instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

2. Material accounting policy information and basis of preparation (cont'd)

Financial instruments (cont'd)

The following table shows the classification of the Company's financial instruments under IFRS 9:

Asset or Liability	Classification
Cash	FVTPL
Interest receivable	Amortized cost
Convertible notes	FVTPL
Loans receivable	Amortized cost
Investment	FVTPL
Accounts payable	Amortized cost

Measurement

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income is calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost

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

2. Material accounting policy information and basis of preparation (cont'd)

Financial instruments (cont'd)

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are recognized in the consolidated statements of comprehensive loss.

Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statements of comprehensive loss. Where an item of property and equipment comprises major components with different useful lives, the components are accounted for as separate items of property and equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. As at March 31, 2024 and 2023, property and equipment consists of furniture and equipment and right of use assets which are amortized over their useful life estimated as follows:

Furniture and equipment	straight line method over 5 years
Right of use assets	term of the lease

The depreciation expense for each period is recognized in the consolidated statements of comprehensive loss.

Basis of preparation

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

2. Material accounting policy information and basis of preparation (cont'd)

Consolidation

The consolidated financial statements include the accounts of the Company and its controlled entities. Details of the controlled entities is as follows:

	Country of incorporation	Percentage owned*	
		March 31, 2024	March 31, 2023
0960128 B.C. Ltd. – (inactive)	Canada	100%	100%
1141864 B.C. Ltd. – (inactive)	Canada	100%	100%
Trenchant Energy Holdings Inc. – (inactive)	Canada	100%	100%
Trenchant Investment Corp. – (inactive)	Canada	100%	100%

*Percentage of voting power is in proportion to ownership.

Significant estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and 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. However, actual outcomes can differ from these estimates.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets.

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgment applied in preparing the Company's financial statements are the assessment of the Company's ability to continue as a going concern, and the recoverability of deferred tax assets and loan receivable, useful life of property and equipment, and ability to control associated entities or exercises significant influence over investees.

Investment in Associate

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost and adjusted for post-acquisition changes in the Company's share of the net income or loss of the associate, less any impairment in the value of the investment or dilution of the shareholding in the investment. Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of operations.

2. Material accounting policy information and basis of preparation (cont'd)

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of 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 corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black–Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the earnings (loss) attributable to common shareholders by the weighted average number of common shares outstanding in the period. Diluted earnings (loss) per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted earnings (loss) per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2. Material accounting policy information and basis of preparation (cont'd)

Foreign currency translation

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Canadian dollars which is the Company and its subsidiaries' functional and presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the consolidated statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive loss in the consolidated statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right-of-use asset is measured based on the present value of the remaining lease payments at the initial application date, plus any initial direct costs incurred, and estimate of costs to dismantle and remove or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are subsequently depreciated from the initial application date using the straight-line method. The lease term includes consideration of an option to renew or to terminate if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the initial application date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising mainly from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, renewal or termination option due to a significant event or change in circumstances.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Trenchant Technologies Capital Corp.
(formerly Trenchant Capital Corp.)
Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)
For the years ended March 31, 2024 and 2023

3. Investment in ASEP Medical Holdings Inc. (“ASEP”)

During the year ended March 31, 2024, the Company sold all of its ASEP shares for proceeds of \$419,388 and recorded a realized gain of \$43,463. During the year ended March 31, 2023, the Company sold 1,133,000 ASEP shares for proceeds of \$439,808 and recorded a realized gain of \$438,675.

	March 31, 2024	March 31, 2023
Beginning balance	\$ 375,925	\$ 1,025,000
Net proceeds on disposal	(419,388)	(439,808)
Realized gain on disposal	43,463	438,675
Unrealized loss on investment	-	(647,942)
	\$ -	\$ 375,925

The table below summarizes the cost and fair value of investment in ASEP as at March 31, 2024:

	Number of shares	Cost	Fair value
As at March 31, 2024			
ASEP Investment	-	\$ -	\$ -
As at March 31, 2023			
ASEP investment	1,367,000	1,367	375,925

4. Investment in Associate

On November 30, 2023, the Company entered into an option agreement (“Option Agreement”) with GNQ Insilico Inc. (“GNQ”) whereby GNQ agreed to issue to the Company up to 50% of the common shares of GNQ in exchange for cash consideration of \$17,500,000 and the issuance of 7,500,000 common shares of the Company. The Option was exercisable in up to four tranches, with an initial tranche consisting of the acquisition of 20% of the common shares in the capital of GNQ in exchange for aggregate cash consideration of \$2,500,000 and the issuance of 7,500,000 common shares in the capital of Trenchant on or before December 22, 2023 (the “Initial Investment”).

On December 29, 2023, the Option Agreement with GNQ was amended with the timeline for payment of the consideration comprising the Initial Investment which has been amended such that it will be satisfied by way of: (a) the payment in cash by Trenchant to GNQ of \$700,000 on December 29, 2023 (paid) to acquire 5.6% of the GNQ shares; and (b) the payment in cash by Trenchant to GNQ of \$1,800,000 and the issuance by Trenchant to GNQ of 7,500,000 Trenchant Shares on or prior to February 29, 2024 to acquire 14.6% of the GNQ shares.

On March 5, 2024, the Option Agreement was further amended, with respect to the Initial Investment, such that the remaining 14.6% of the Initial Investment be satisfied by: paying \$500,000 on or prior to March 15, 2024; paying \$500,000 and issuing 7,500,000 shares of the Company on or before April 12, 2024.

On March 22, 2024, the Option Agreement was further amended such that the initial payment of \$500,000 due on March 15, 2024, was extended to March 22, 2024. This payment was made on March 22, 2024, which increased the Company’s ownership of GNQ shares to 10.1%.

In addition to the option agreement and amendments, noted above, the Company entered into a management agreement and a shareholder agreement which governs the terms of the investment.

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4. Investment in Associate (cont'd)

The investment in GNQ was accounted for using the equity method as the management determined it had significant influence over GNQ due to its ability to nominate a board member pursuant to the management and shareholder agreements.

The table below provides a continuity of the GNQ investment under equity method:

	March 31, 2024
Opening balance	\$ -
Cash payment for the Investment	1,200,000
Loss from equity investment	(69,149)
Ending balance, March 31, 2024	\$ 1,130,851

On April 29, 2024, the Company paid \$650,000 to GNQ and issued 7,500,000 common shares of the Company (each, a "Share"), and issued 2,600,000 Units (each, a "Unit") at a deemed issue price of \$0.25 per Unit. Each Unit is comprised of one Share and one warrant (each, a "Warrant") to purchase one Share (each, a "Warrant Share") at an exercise price of \$0.50 per Warrant Share until April 29, 2026. The Shares issued to GNQ, and any Warrant Shares issued upon the due exercise of the Warrants, are subject to a voluntary lock-up whereby 50% of the Shares and any Warrant Shares are restricted from transfer until April 29, 2025, and the remaining 50% are restricted from transfer until April 29, 2026. As at April 29, 2024 the Company owns 250,000 common shares in the capital of GNQ (being 20% of the total issued and outstanding common shares in the capital of GNQ) in exchange for the aggregate cash consideration of \$1,850,000 and the Shares and Warrants issued to GNQ pursuant to the Option Agreement which completes the initial investment in GNQ. Under the option agreement, the Company has an option to purchase up to an aggregate 50% of the GNQ Shares in exchange for further aggregate cash payments of \$15,000,000 expiring November 30, 2026. (Note 13).

The following tables summarize the unaudited financial information of GNQ:

Summarised statement of financial position of GNQ	As at March 31, 2024
Technology	\$ 10,681,188
Current Liabilities	\$ 34,812
Share Capital	\$ 11,881,188
Deficit	\$ 1,234,812

Summarized statement of operations of GNQ	For the period from inception on August 30, 2023 to March 31, 2024
Loss incurred by GNQ	\$ 1,234,812

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4. **Investment in Associate** (cont'd)

Summarized statement of cashflows of GNQ	For the period from inception on August 30, 2023 to March 31, 2024
Cash used in operation activities	\$ 1,200,000
Cash generated by Financing activities	\$ 1,200,000

5. **Convertible notes**

Investment in Nectar Health Sciences

On March 7, 2022, the Company subscribed to a convertible promissory note of Nectar Health Sciences Inc. ("Nectar") for \$250,000 bearing interest at 12% per year (the "Nectar Note"), maturing in a year. If Nectar completes any financing with gross proceeds of at least \$500,000, the Company can convert the Nectar Note and accrued interest (the "Outstanding Amount") into common shares of Nectar with the number of shares equal to the quotient of the Outstanding Amount divided by the conversion price, which equals to 75% of the offering price per share. If not converted, Nectar shall pay the Outstanding Amount in cash. If Nectar prepays any portion of the Outstanding Amount prior to the maturity date, the Outstanding Amount shall be increased to an amount equal to 110% of the Outstanding Amount and such additional amount shall be repaid in accordance with the terms of the Nectar Note as if it was the Outstanding Amount.

The convertible promissory note was classified as FVTPL at the fair value of \$250,000 upon initial measurement. As at March 31, 2023, the convertible note was in default. The Company determined the fair value to be \$100,000 by estimating the recoverable amount with an excepted loss recovery rate of 40%. Therefore, the Company recorded a \$150,000 change in fair value in the consolidated statement of comprehensive loss. At March 31, 2024, the convertible note was still in default and the collection of the note was highly unlikely and as such, the Company further recorded an impairment of \$100,000 to fully provide for the loan. The fair value of the Nectar Note at March 31, 2024 is \$Nil (2023 - \$100,000)

Investment in CG International Petroleum Corp.

On August 3, 2022, the Company subscribed to an unsecured convertible promissory note of CG International Petroleum Corp. ("CGIC") for \$500,000 accruing interest at 10% per year with a maturity date of August 8, 2023 ("CGIC Note"). Pursuant to the CGIC Note, in the event that CGIC completes a reverse takeover ("RTO"), the principal amount of the CGIC Note and all accrued interest shall automatically convert into units of the listed issuer with the number of units equal to the quotient of the outstanding amount of the CGIC Note principal and all accrued interest divided by the conversion price, which equals to 70% of the initial listing price of the shares in the RTO. Each unit shall consist of one share of the listed issuer and such number of warrants of the listed issuer as is equal to the principal amount of the CGIC Note times 10% exercisable at the listing price, with each such warrant exercisable into one additional common share of the listed issuer with an exercise price equal to the listed issuers price per share in the RTO.

CGIC granted the Company the right to act as the RTO target. The Company and CGIC agreed to negotiate to enter into a letter agreement ("Letter Agreement") outlining the terms of the proposed RTO within 30 days of the execution of the CGIC Note subscription. In the event the Company and CGIC fail to enter into the Letter Agreement, the Company has the right to (a) request the repayment of the principal with accrued interest and a 10% cash penalty within 30 days of CGIC receiving a written request from the Company or in the event the Company does not request repayment (b) a 10% increase in the value of the principal payment of the CGIC Note. As at March 31, 2023, CGIC and the Company have not entered into the Letter Agreement.

The Convertible Promissory Note was classified at FVTPL.

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5. Convertible notes (cont'd)

As at March 31, 2023, the Company determined that its fair value was \$400,000 using the probability weighted expected return method using the following assumptions: loan to maturity discount of 30%, probability of a RTO of 2% and loan maturity of 98%, and a risk free rate of 4.3%. Therefore, the Company recorded a \$100,000 change in fair value in the consolidated statement of comprehensive loss. At March 31, 2024, the convertible note was in default and the collection of the note was highly unlikely and as such, the Company recorded a further impairment of \$400,000 to fully provide for the loan.

The fair value of the CGIC Note at March 31, 2024 was \$Nil (2023 - \$400,000).

The table below summarizes the convertible notes for the years ended March 31, 2024, and March 31, 2023:

	March 31, 2024	March 31, 2023
Beginning balance	\$ 500,000	\$ 250,000
Additions	-	500,000
Impairment of convertible notes	(500,000)	(250,000)
	\$ -	\$ 500,000

6. Property and Equipment

	Furniture and Equipment	Right of use	Total
Cost			
March 31, 2022	\$ 60,865	\$ 419,665	\$ 480,530
Additions	61,625	-	61,625
Disposals	(150)	-	(150)
March 31, 2023	\$ 122,340	\$ 419,665	\$ 542,005
Additions	8,566	-	8,566
March 31, 2024	130,906	419,665	550,571
Depreciation			
March 31, 2022	\$ (26,159)	\$ (158,140)	\$ (184,299)
Depreciation for the year	(16,877)	(57,060)	(73,937)
March 31, 2023	\$ (43,036)	\$ (215,200)	\$ (258,236)
Depreciation for the year	(21,663)	(57,060)	(78,723)
March 31, 2024	(64,699)	(272,260)	(336,959)
Net book value			
March 31, 2023	\$ 79,304	\$ 204,465	\$ 283,769
March 31, 2024	\$ 66,208	147,404	\$ 213,612

7. Accounts payable and accrued liabilities

	March 31, 2024	March 31, 2023
Accounts payable (Note 9)	\$ 742,832	\$ 199,998

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8. Lease liabilities

On April 30, 2021, the Company entered into a new lease agreement for use of office premises. The term of lease is 5 years from November 1, 2021. The schedule of monthly payments is below:

	Monthly lease payment
November 1, 2021 to October 31, 2024	\$ 5,390
November 1, 2024 to October 31, 2026	\$ 5,659

On March 31, 2024, and 2023, the balance of the lease liability is as follows:

	March 31, 2024	March 31, 2023
Balance, beginning	\$ 209,291	\$ 265,210
Interest	11,022	14,213
Payments	(64,602)	(70,132)
Balance, ending	\$155,711	\$ 209,291

	March 31, 2024	March 31, 2023
Short term	\$ 66,297	\$ 53,580
Long term	89,414	155,711
Total	\$ 155,711	\$ 209,291

During the year ended March 31, 2024, the Company subleased a portion of the office premises on a monthly basis and recorded rental income of \$18,692 (2023 - \$74,368), of which \$18,692 (2023 - \$46,480) was generated from a related party with common management (Note 9). \$Nil (2023 - \$32,436) of the rental income was receivable as at March 31, 2024.

9. Related party transactions

The Company considers its officers (CEO and CFO) and directors to be key management. Key management are those persons having authority and responsibility for planning, directing, and controlling activities, directly or indirectly, of the Company

Related party balances:

The following amounts are due from/(to) related parties:

	March 31, 2024	March 31, 2023
CFO	\$ (2,625)	\$ (2,625)
CEO	(236,250)	(47,250)
Directors	(490,500)	(98,100)
Companies with common management	-	38,253
	\$ (729,375)	\$ (109,722)

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

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9. Related party transactions (cont'd)

Key management personnel compensation

	March 31, 2024	March 31, 2023
CFO – Professional fees	\$ 31,500	\$ 31,500
CEO – Consulting fees	\$ 189,000	\$ 189,000
Directors – Consulting fees	\$ 392,400	\$ 392,400
Share- based payments	\$ 61,918	-
Company with common management – rental income	\$ 18,692	\$ 46,480

During the year ended March 31, 2024, the Company wrote off a receivable balance totaling \$36,205 due for a company that has directors in common with the Company.

10. Share capital

Authorized share capital

Unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

Issued share capital

At March 31, 2024 there were 49,161,286 (March 31, 2023 – 34,211,286) issued and fully paid common shares.

During the year ended March 31, 2024, the Company issued 14,950,000 common shares on the exercise of 14,950,000 warrants for proceeds of \$747,500.

Basic and diluted loss per share

The calculation of basic income per share for the year ended March 31, 2024 was based on the loss attributable to common shareholders of \$1,712,028 (2023- \$1,167,863) and the weighted average number of common shares outstanding of 36,014,848 (2023- 34,211,286).

Stock options

On March 3, 2010, the directors of the Company consented to adopt a Company Share Option Plan (the “Plan”). The shareholders of the Company approved the Plan on September 8, 2011. The Plan provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the common shares outstanding at the time of the granting of options. Such options may be exercisable for a period of up to 10 years from the date of the grant. In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee’s position with the Company, provided that if the cessation of office, directorship, or consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

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10. Share capital (cont'd)

On October 31, 2023, the Company granted an aggregate of 4,750,000 incentive stock options to purchase up to 4,750,000 common shares of the Company to its directors under its Omnibus Equity Incentive Plan. The Options are exercisable for a period of two years from the date of grant, expiring on October 31, 2025, at a price of \$0.05 per share, and are fully vested. The fair value of the options granted was determined to be \$61,918 using the Black-Scholes Option Pricing Model using the following assumptions: Risk-free rate of 4.53%; Expected life of 2 years, expected volatility of 249% and dividend yield of nil.

Share purchase warrants

The continuity of warrants for the year ended March 31, 2024 is as follows:

	Number of warrants outstanding	Weighted average exercise price
Balance, March 31, 2023 and 2022	14,950,000	\$ 0.05
Exercised during the year	(14,950,000)	\$ 0.05
Balance, March 31, 2024	-	\$ -

On January 30, 2023 the Company decreased the exercise price of the warrants issued in previous private placement from \$0.115 to \$0.05 and extended the expiry date from March 24, 2023 to March 24, 2024 with all other terms of the warrants to continue in full force. The average share price of the shares on the date of exercise of the warrants was \$0.19.

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

11. Financial risk and capital 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:

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 a bank account. As the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. Credit risk with respect to cash is assessed as low. Credit risk with respect to convertible notes is assessed as high as the Nectar Note and the CGIC Note are both in default. Both Nectar and CGIC are startup companies with limited cash inflows from operations. The Company is working with Nectar and CGIC on collection of the convertible notes. As the collection of the amounts is uncertain both loans have been impaired to \$Nil at March 31, 2024.

11. **Financial risk and capital management** (cont'd)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity and debenture securities for cash. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity and debt funding. Liquidity risk is assessed as high.

The following table sets out liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	Accounts payable and accrued liabilities	Lease liability	Total
Less than 1 year	\$ 742,832	\$ 66,297	\$ 809,129
1-5 years	–	89,414	89,414
Balance at March 31, 2024	\$ 742,832	\$ 155,711	\$ 898,543

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company had no exposure to foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash on hand is subject to minimal interest rate risk. Interest rate risk is assessed as low.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital and working capital. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

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11. Financial risk and capital management (cont'd)

Classification of financial instruments

Financial assets included in the consolidated statement of financial position are as follows:

	March 31, 2024	March 31, 2023
Financial assets carried at FVTPL:		
Cash	\$ 336,803	\$ 731,564
Investment	-	375,925
Convertible notes	-	500,000
	\$ 336,803	\$ 1,607,489
Financial assets carried at amortized cost:		
Accounts receivable	-	\$ 32,436

Financial liabilities included in the consolidated statement of financial position are as follows:

	March 31, 2024	March 31, 2023
Financial liabilities carried at amortized cost:		
Accounts payable	\$ 742,832	\$ 199,998

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values.

The three levels of the fair value hierarchy are:

- 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.

Financial instruments classified as level 1 – quoted prices in active markets include cash and investment.

Financial instruments classified as level 3 include convertible notes.

12. Income tax expense and deferred tax assets and liabilities

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Year ended March 31, 2024	Year ended March 31, 2023
Net loss	\$ 1,712,028	\$ (1,167,863)
Statutory tax rate	27%	27%
Expected income tax recovery at the statutory tax rate	(462,248)	(315,323)
Non-deductible items and other	239,054	131,189
Change in valuation allowance	223,194	184,134
Income tax recovery	\$ -	\$ -

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12. Income tax expense and deferred tax assets and liabilities (cont'd)

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	March 31, 2024	March 31, 2023
Non-capital loss carry-forwards	\$ 3,424,711	\$ 3,470,336
Exploration and evaluation assets	1,850,785	1,850,785
Debenture financing costs	-	24,105
Convertible notes	750,000	250,000
Equipment	61,063	39,251
Investment in ASEP	-	(374,558)
	\$ 6,086,559	\$ 5,259,919

The tax pools relating to these deductible temporary differences expire as follows:

	Canadian non-capital losses	Canadian resource pools
2033	308,264	-
2034	545,514	-
2036	64,858	-
2037	199,331	-
2038	519,609	-
2039	148,771	-
2040	274,223	-
2041	289,150	-
2042	65,074	-
2044	1,009,917	-
No expiry	-	1,850,785
	\$ 3,424,711	\$ 1,850,785

13. Subsequent Events

Subject to a further amendment of the Option Agreement dated April 29, 2024, the Company completed the acquisition of the Initial Investment with the payment to GNQ of \$650,000, the issuance of 7,500,000 common shares in the capital of the Company (each, a "Share"), and the issuance of 2,600,000 Units (each, a "Unit") at a deemed issue price of \$0.25 per Unit. Each Unit is comprised of one Share and one warrant (each, a "Warrant") to purchase one Share (each, a "Warrant Share") at an exercise price of \$0.50 per Warrant Share until April 29, 2026. The Shares issued to GNQ, and any Warrant Shares issued upon the due exercise of the Warrants, are subject to a voluntary lock-up whereby 50% of the Shares and any Warrant Shares are restricted from transfer until April 29, 2025, and the remaining 50% are restricted from transfer until April 29, 2026. As at April 29, 2024 the Company owns 250,000 common shares in the capital of GNQ (being 20% of the total issued and outstanding common shares in the capital of GNQ) in exchange for the aggregate cash consideration of \$1,850,000 and the Shares and Warrants issued to GNQ pursuant to the Option Agreement which completes the initial investment in GNQ. Under the option agreement, the Company has an option to purchase up to an aggregate 50% of the GNQ Shares in exchange for further aggregate cash payments of \$15,000,000 expiring November 30, 2026.

On April 17, 2024, the Company closed a first tranche of the non-brokered private placement financing pursuant to which it has issued an aggregate of 450 Convertible Debenture Units at a price of \$1,000 per Debenture Unit for gross proceeds of \$450,000. Each Debenture Unit is comprised of: (i) \$1,000 principal amount unsecured convertible debenture (each, a "Debenture"); and (ii) 1,000 common share purchase warrants. Each Debenture Warrant will entitle the holder thereof to acquire one Share of the Company at a price of \$0.26 per Debenture Warrant Share for a period of two years following closing. The principal amount of the Debenture will have a maturity date one year following the issuance of the Debentures and will accrue interest at a rate of 10% per annum.

On June 19, 2024, the Company completed its non-brokered private placement financing, pursuant to which it has issued 400,000 units for gross proceeds of \$100,000. Each Unit consists of one common share and one warrant. Each warrant entitles the holder thereof to acquire one share at a price of \$0.50 for a period of two years following closing. The proceeds were received prior to March 31, 2024, and were recorded as share subscriptions received.

Subsequent to March 31, 2024, the Company Issued 150,000 units (each unit consisting of a share and a warrant) for gross proceeds of \$37,500. The cash was received prior to March 31, 2024 and was recorded as share subscriptions received.

Pursuant to a finders agreement signed subsequent to March 31, 2024, the Company is obligated to issue to the finder, on the completion of the acquisition, of a 20% interest in GNQ, 1,750,000 Units (each, a "Unit"), at \$0.25 per Unit, with each Unit comprised of one common share and one warrant (each, a "Warrant") to purchase one share at an exercise price of \$0.50 per Warrant Share for a period of 24 months following the date of issuance of the Warrant.