

TRENCHANT TECHNOLOGIES CAPITAL CORP.

(formerly Trenchant Capital Corp.)

Condensed Interim Consolidated Financial Statements

Three Months Ended June 30, 2024

Expressed in Canadian Dollars

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

Vancouver, Canada

August 29, 2024

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

	Notes	June 30, 2024	March 31, 2024
ASSETS			
Current assets			
Cash		\$ 36,536	\$ 336,803
Other receivable		1,475	1,475
Prepays		9,180	9,180
		47,191	347,458
Long-term assets			
Property and equipment, net	5	194,694	213,612
Investment in associate	3	4,250,186	1,130,851
TOTAL ASSETS		\$ 4,492,071	\$ 1,691,921
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6, 9	968,975	\$ 742,832
Lease liability, current portion	8	67,106	66,297
		1,036,081	809,129
Long-term Liabilities			
Lease liability	8	74,701	89,414
Debentures	7	450,000	-
TOTAL LIABILITIES		1,560,782	898,543
SHAREHOLDERS' EQUITY			
Share capital	10	10,355,289	7,692,789
Share subscription received		50,000	137,500
Share-based payment reserve	10	603,849	603,849
Deficit		(8,077,849)	(7,640,760)
TOTAL SHAREHOLDERS' EQUITY		2,931,289	793,378
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$4,492,071	\$ 1,691,921

Going concern (Note 1)

Subsequent events (Note 12)

On behalf of the board:

"Eric Boehnke"
Eric Boehnke, Director

"Tom English"
Tom English, Director

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

	Note	Three months ended	
		June 30, 2024	June 30, 2023
Expenses			
Business development		\$ -	\$ 556
Consulting	9	145,350	145,350
Depreciation	5	18,918	19,743
General and administrative		27,427	16,596
Interest		11,389	3,074
Investor relations		86,789	-
Professional fees		62,472	27,700
Transfer agent and filing fees		29,079	3,283
		(381,424)	(216,302)
Other items			
Rental income	9	-	32,536
Gain on sale of investment		-	320,340
Equity loss on investment in associate	3	(55,665)	-
Unrealized loss on investment		-	(167,188)
		(55,665)	185,688
Comprehensive loss for the year		\$ (437,089)	\$ (30,614)
Loss per share – basic and diluted		\$ (0.01)	\$ (0.00)

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

	Share Capital					
	Number of Common shares	Common shares	Subscriptions received	Share-based payment reserve	Deficit	Total
Balance at March 31, 2023	34,211,286	\$ 6,945,289	\$ -	\$ 541,931	\$ (5,928,732)	\$ 1,558,488
Comprehensive loss	-	-	-	-	(30,614)	(30,614)
Balance at June 30, 2023	34,211,286	\$ 6,945,289	\$ -	\$ 541,931	\$ (5,959,346)	\$ 1,527,874
Balance at March 31, 2024	49,161,286	\$ 7,692,789	\$ 137,500	\$ 603,849	\$ (7,640,760)	\$ 793,378
Shares issued	550,000	137,500	(137,500)	-	-	-
Subscriptions	-	-	50,000	-	-	50,000
Shares issued on Investment in Associate	10,100,000	2,525,000	-	-	-	2,525,000
Comprehensive loss	-	-	-	-	(437,089)	(437,089)
Balance at March 31, 2024	59,811,286	\$ 10,355,289	\$ 50,000	\$ 603,849	\$ (8,077,849)	\$ 2,931,289

See accompanying notes to the consolidated financial statements

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

	Three months ended	
	June 30, 2024	June 30, 2023
Operating activities		
Comprehensive loss for the year	\$ (437,089)	\$ (30,614)
Adjustments for non-cash items:		
Accrued interest expense	2,266	3,074
Depreciation	18,918	19,743
Unrealized gain on investment	-	167,188
Equity loss on investment in associate	55,665	-
Changes in non-cash working capital items:		
Receivables	-	(25,100)
Prepaid expenses	-	(4,648)
Accounts payables and accrued liabilities	226,143	121,032
Net cash flows provided by (used in) operating activities	(134,097)	250,675
Investing activities		
Purchases of property and equipment	-	(8,566)
Investment in associate	(650,000)	-
Net cash flows provided by (used in) investing activities	(650,000)	(8,566)
Financing activities		
Debentures	450,000	-
Subscriptions received	50,000	-
Repayment of lease obligation	(16,170)	(16,170)
Net cash flows provided by (used in) financing activities	483,830	(16,170)
Decrease in cash for the year	(300,267)	225,939
Cash, beginning of year	336,803	731,564
Cash, end of year	\$ 36,536	\$ 957,503

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 condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company has incurred losses for most of the years since its inception and had an accumulated deficit of \$8,077,849 at June 30, 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 condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Such adjustments could be material.

2. Material accounting policy information and basis of preparation

The condensed interim consolidated financial statements were authorized for issue on August 29 2024 by the directors of the Company.

Statement of compliance with International Financial Reporting Standards

The condensed interim 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.

Trenchant Technologies Capital Corp.
 (formerly Trenchant Capital Corp.)
 Notes to the Condensed Interim Consolidated Financial Statements
 (Expressed in Canadian Dollars)
 For the three months ended June 30, 2024 and 2023

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 condensed interim 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 condensed interim 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 condensed interim 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 condensed interim 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 condensed interim 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 June 30, 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 condensed interim consolidated statements of comprehensive loss.

Basis of preparation

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

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

Consolidation

The condensed interim 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*	
		June 30, 2024	March 31, 2024
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 condensed interim 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 condensed interim 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 condensed interim consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the condensed interim 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 condensed interim 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 condensed interim 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 condensed interim 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.

3. Investment in Associate

On November 30, 2023 the Company entered into an Option agreement with GNQ Insilico Inc. ("GNQ") whereby GNQ agreed to issue to the Company up to 50% of the common shares in the capital of GNQ in exchange for aggregate cash consideration of \$17,500,000 and the issuance of 7,500,000 common shares in the capital 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 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 December 29, 2023, the Company paid \$700,000 to GNQ and acquired 5.6% 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 in the capital of Trenchant 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%.

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. The Company confirms receipt of an aggregate of 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.

The Company has an option expiring November 30, 2026 to purchase up to an aggregate 50% of the GNQ Shares in exchange for further aggregate cash payments of \$15,000,000.

In addition to the option agreements, noted above, the Company entered into a Management agreement and a Shareholder agreement which governs the terms of the investment.

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3. Investment in Associate (cont'd)

The investment in GNQ was accounted for using the equity method as the Company determined it had significant influence over GNQ due to its ability to nominate a board member pursuant to the Management and Shareholder agreements. The Company's share of the GNQ's losses for the three months ended June 30, 2024 was \$55,665 (March 31, 2024, was \$69,149). At June 30, 2024, the Company's investment in GNQ was recorded at \$4,250,186.

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

	June 30, 2024	March 31, 2024
Opening balance	\$ 1,130,851	\$ -
Cash payment for the Investment	650,000	1,200,000
Issue of common shares	2,525,000	-
Loss from equity investment	(55,665)	(69,149)
Ending balance, March 31, 2024	\$ 4,250,186	\$ 1,130,851

The following tables summarize the unaudited financial information of GNQ:

Summarised statement of financial position of GNQ	As at June 30, 2024	As at March 31, 2024
Current assets	\$74,353	
Technology	\$11,460,442	\$ 10,681,188
Current Liabilities	\$337,247	\$ 34,812
Share Capital	\$4,657,570	\$ 1,881,188
Deficit	1,513,135	\$ 1,234,812

Summarized statement of operations of GNQ	For the three months ended June 30, 2024	For the period from inception to March 31, 2024
Loss incurred by GNQ	\$1,513,135	\$ 1,234,812

Summarized statement of cashflows of GNQ	For the three months ended June 30, 2024	For the period from inception to March 31, 2024
Cash used in operation activities	\$1,850,000	\$ 1,200,000
Cash generated by Financing activities	\$1,850,000	\$ 1,200,000

4. 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 expected loss recovery rate of 40%. Therefore, the Company recorded a \$150,000 change in fair value in the condensed interim 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 June 30, 2024 and March 31, 2024 is \$Nil.

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.

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 condensed interim 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 June 30, 2024 and March 31, 2024 was \$Nil.

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5. **Property and Equipment**

	Furniture and Equipment	Right of use	Total
Cost			
March 31, 2023	\$ 122,340	\$ 419,665	\$ 542,005
Additions	8,566	-	8,566
March 31, 2024	130,906	419,665	550,571
Additions	-	-	-
June 30, 2024	130,906	419,665	550,571
Depreciation			
March 31, 2023	\$ (43,036)	\$ (215,200)	\$ (258,236)
Depreciation for the period	(21,663)	(57,060)	(78,723)
March 31, 2024	(64,699)	(272,260)	(336,959)
Depreciation for the period	(4,653)	(14,265)	(18,918)
June 30, 2024	(69,352)	(286,525)	(355,877)
Net book value			
March 31, 2024	\$ 66,207	\$ 147,405	\$ 213,612
June 30, 2024	\$ 61,554	\$ 133,140	\$ 194,694

6. **Accounts payable and accrued liabilities**

	June 30, 2024	March 31, 2023
Accounts payable (Note 9)	\$ 968,975	\$ 199,998

7. **Debentures**

On April 17, 2024, the Company closed the 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. At June 30, 2024 accrued interest expense was \$9,123.

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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 June 30, 2024, and March 31, 2024, the balance of the lease liability is as follows:

	June 30, 2024	March 31, 2024
Balance, beginning	\$ 155,711	\$ 209,291
Interest	2,266	11,022
Payments	(16,170)	(64,602)
Balance, ending	\$141,807	\$155,711

	June 30, 2024	March 31, 2024
Short term	\$ 67,106	\$ 66,297
Long term	74,701	89,414
Total	\$ 141,807	\$ 155,711

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:

	June 30, 2024	March 31, 2024
CFO	\$ (2,625)	\$ (2,625)
CEO	(283,500)	(236,250)
Directors	(588,600)	(490,500)
	\$ (874,725)	\$ (729,375)

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

	June 30, 2024	June 30, 2023
CFO – Professional fees	\$ 7,875	\$ 7,875
CEO – Consulting fees	\$ 47,250	\$ 47,250
Directors – Consulting fees	\$ 98,100	\$ 98,100
Company with common management – rental income	\$ -	\$ 13,994

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 June 30, 2024 there were 59,811,286 (March 31, 2024 – 49,161,286) issued and fully paid common shares.

On April 17, 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.

On April 29, 2024, the Company issued 7,500,000 common shares 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.

On June 19, 2024 the Company issued 400,000 units for gross proceeds of \$100,000. Each Unit consists of one common share and one common share purchase warrant. Each Warrant entitles the holder thereof to acquire one Share at a price of \$0.50 per Warrant Share for a period of two years following closing. The proceeds were received prior to March 31, 2024, and were recorded as Share Subscriptions received.

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 June 30, 2024 was based on the loss attributable to common shareholders of \$437,089 (2023- \$30,614) and the weighted average number of common shares outstanding of 56,212,934 (2023- 34,211,286).

10. Share capital (cont'd)

Stock options and other incentive plans

On August 25, 2023, the Board adopted the Omnibus Equity Incentive Plan (the “2023 Plan”). The 2023 Plan provides flexibility to the Company to grant equity-based incentive awards in the form of options (“Options”), restricted share units (“RSUs”), performance share units (“PSUs”) and deferred share units (“DSUs”). The purpose of the 2023 Plan is to, among other things, provide the Company with a share related mechanism to attract, retain and motivate qualified directors, officers, employees and consultants of the Company and its subsidiaries, to reward such of those directors, officers, employees and consultants as may be granted awards under the 2023 Plan by the Board from time to time for their contributions toward the long-term goals and success of the Company and to enable and encourage such directors, officers, employees and consultants to acquire Shares as long-term investments and proprietary interests in the Company.

The 2023 Plan is a rolling plan which, subject to the adjustment provisions provided for therein (including a subdivision or consolidation of Shares), provides that the aggregate maximum number of Shares that may be issued upon the exercise or settlement of awards granted under the 2023 Plan shall not exceed 20% of the Company’s issued and outstanding Shares from time to time. The 2023 Plan is considered an “evergreen” plan, since the Shares covered by awards which have been exercised, settled or terminated shall be available for subsequent grants under the 2023 Plan and the number of awards available to grant increases as the number of issued and outstanding Shares increases. As of the date hereof, the Company could grant up to an aggregate of Options, RSUs, PSUs and DSUs, being 20% of the issued and outstanding Shares on August 20, 2024.

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 3.85%; 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 June 30, 2024 is as follows:

	June 30, 2024		March 31, 2024	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	-	\$ -	14,950,000	\$ 0.05
Issued	3,600,000	0.47	-	-
Exercised	-	-	(14,950,000)	0.05
Outstanding, end of period	3,600,000	\$ 0.47	-	\$ -

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10. Share capital (cont'd)

Details of warrants outstanding as at June 30, 2024 are as follows:

Expiry date	Exercise price	Warrants outstanding	Weighted average remaining contractual years
April 17, 2026	\$0.50	150,000	
April 25, 2026	\$0.26	450,000	
April 29, 2026	\$0.50	2,600,000	
June 19, 2026	\$0.50	400,000	
Total		3,600,000	1.84

Share-based payment reserve

The share-based payment reserve records items are not 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.

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.

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

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	\$ 968,975	\$ 67,106	\$ 1,036,081
1-5 years	-	74,701	74,701
Balance at June 30, 2024	\$ 968,975	\$ 141,807	\$ 1,110,782

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.

Classification of financial instruments

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

	June 30, 2024	March 31, 2024
Financial assets carried at FVTPL:		
Cash	\$ 36,536	\$ 336,803
	\$ 36,536	\$ 336,803
Financial assets carried at amortized cost:		
	\$ -	\$ 32,436

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

	June 30, 2024	March 31, 2024
Financial liabilities carried at amortized cost:		
Accounts payable	\$ 968,075	\$ 742,832
Debentures	\$ 450,000	\$ -

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

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. Subsequent Events

On July 29, 2024, pursuant to a Finders Agreement, the Company issued on the completion of the acquisition of a 20% interest in GNQ, 1,750,000 Units (each, a "Unit"), at a deemed price of \$0.25 per Unit, with each Unit comprised of one common share in the capital of the Company (each, a "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.

On August 26, 2024 the Company completed its non-brokered private placement financing (the "Offering"), pursuant to which it has issued 200,000 units (each, a "Unit") for gross proceeds of \$50,000. Each Unit consists of one common share (each, a "Share") and one common share purchase warrant (each, a "Warrant"). Each Warrant entitles the holder thereof to acquire one Share (each, a "Warrant Share") at a price of \$0.50 per Warrant Share for a period of two years following closing. Proceeds of the Offering will be used for general working capital purposes.