PLASCRED CIRCULAR INNOVATIONS INC.
(FORMERLY, COVER TECHNOLOGIES INC.)

CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023
(Expressed in Canadian Dollars)

PLASCRED CIRCULAR INNOVATIONS INC.
Consolidated Statements of Financial Position
As at March 31, 2024 and December 31, 2023
(Express in Canadian dollars)

	Notes	March 31, 2024 $	December 31, 2023 $
ASSETS			
Current assets			
Cash		311,473	539,220
Goods and Services Tax ("GST") receivable		165,126	160,982
Prepaids		23,681	2,056
Deposit (note 5)	5	500,000	500,000
Share subscription receivable		6,837	6,837
		1,007,117	1,209,095
Plant and equipment including asset under construction	7	852,534	898,466
TOTAL ASSETS		**1,859,651**	**2,107,561**
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	7	830,634	819,453
Other payable (note 5)	5	500,000	500,000
Notes payable	8	1,294	1,294
		1,331,928	1,320,747
SHAREHOLDERS' EQUITY (DEFICIT)			
Share capital	9 (b)	8,297,140	8,267,140
Warrants	9 (d)	1,723,409	1,734,659
Contributed surplus		1,935,768	1,550,922
Accumulated deficit		(11,428,596)	(10,765,907)
Total Shareholders' Equity (Deficit)		527,723	786,814
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		**1,859,651**	**2,107,561**

Going concern – Note 2(b)
Subsequent events – Note 16

Approved on behalf of the Board of Directors:

Signed Troy Lupul
Director

"Signed" Gerry Gilewicz
Director

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

PLASCRED CIRCULAR INNOVATIONS INC.
Consolidated Statements of Loss and Comprehensive Loss
For the three months ended March 31 2024 and 2023
(Expressed in Canadian Dollars)

	Notes	March 31, 2024 $	March 31, 2023 $
Expenses			
Consulting fees		128,750	78,325
Depreciation of plant and equipment	6	81,200	-
Foreign exchange loss		1,036	-
General and administration		40,005	6,195
Interest on short term loans		-	17,432
Professional fees		14,262	55.069
Regulatory fees		753	-
Research and development		38,640	30,000
Salaries and wages		63,678	63,525
Share based payments	9	265,260	-
Travel and business development		29,981	32,615
Loss from operating expenses		**(662,689)**	(283,161)
Net loss and comprehensive loss		**(662,689)**	(283,161)
Basic and diluted loss per share	11	(0.01)	(0.03)
Weighted average number of common shares outstanding – basic and diluted	11	62,400,000	8,170,000

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

PLASCRED CIRCULAR INNOVATIONS INC.
Consolidated Statement of Changes in Shareholders' Equity (Deficit)
For the three months ended March 31, 2024 and 2023
(Expressed in Canadian Dollars)

	Notes	Share capital $	Warrants $	Contributed surplus $	Accumulated deficit $	Total $
December 31, 2022		10,000			(629,543)	(619,543)
Shares repurchased	8	(1,830)		-	-	(1,830)
Outstanding shares and warrants of Cover Technologies Inc.	8	7,648,970	1,794,659	-	-	9,443,629
Finder common shares	8	450,000		-	-	450,000
Warrants exercised	8	160,000	(60,000)	-	-	100,000
Share-based payments	8	-		1,550,922	-	1,550,922
Net loss and comprehensive loss		-	-	-	(10,136,364)	(10,136,364)
Balance, December 31, 2023		8,267,140	1,734,659	1,550,922	(10,765,907)	786,814
Warrants exercised	8	30,000	(11,250)			18,750
Adjustment to valuation				384,846		384,846
Net loss and comprehensive loss					(662,689)	(662,689)
Balance, March 31, 2024		**8,297,140**	**1,723,409**	**1,935,768**	**(11,428,596)**	**527,721**

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

PLASCRED CIRCULAR INNOVATIONS INC.
Consolidated Statement of Cash flows
For the three months ended March 31, 2024 and March 31, 2023
(Expressed in Canadian Dollars)

	Notes	March 31, 2024 $	March 31, 2023 $
Operating activities			
Net loss		(662,689)	(283,161)
Adjustments for:			
Depreciation	6	81.200	-
Interest expense			17,432
Share-based payments	8	265,260	-
		(316,229)	(265,729)
GST recoverable		(4,144)	
Prepaid expenses		(21,625)	
Changes in non-cash working capital		130,768	37,254
Net cash used in operating activities		**(211,230)**	(228,475)
Investing activities			
Additions to plant and equipment including asset under construction	6	(35,267)	(154,568)
Changes in non-cash working capital		-	(209,669)
Net cash used in investing activities		**(35,267)**	(364,267)
Financing activities			
Receipt of short-term loan		-	1,000,000
Proceeds from warrant exercises	8	18,750	-
Cash received from financing activities		**18,750**	1,000,000
Change in cash during the period		**(227,747)**	407,288
Cash, beginning of the period		539,220	118,757
Cash, end of the period		**311,473**	526,045

1. REPORTING ENTITY

PlasCred Circular Innovations Inc. (the "Company") was formed through the series of transactions outlined below.

The Company's head office is located at 815, 715 – 5th Avenue SW, Calgary, Alberta, T2P 2X6, Canada. The Company's shares are traded on the Canadian Securities Exchange ("CSE") under the symbol "PLAS", OTC Markets under the symbol "MGPRF" and the Frankfurt stock exchange under the symbol "304A".

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Company").

Cover Technologies Inc. ("Cover") was incorporated on June 18, 2007 in British Columbia, Canada. On August 3, 2023, concurrently with the transaction below, Cover changed its legal name to PlasCred Circular Innovations Inc.

PlasCred Inc. ("PlasCred") was incorporated on January 28, 2022 under the Canadian Business Corporations Act and was registered as an extra-Provincial Corporation in Alberta on March 1, 2022.

On November 14, 2022, Cover entered into an agreement (the "Agreement") with 1346487 B.C. Ltd. ("NumberCo") and PlasCred, a private green technology company with a patent-pending and proprietary process for plastic waste removal. Pursuant to the Agreement, Cover agreed to enter into an assignment agreement (the "Assignment") of a securities exchange agreement dated August 2, 2022 among NumberCo, PlasCred and the shareholders of PlasCred (collectively, the "PlasCred Shareholders"). The Assignment enabled Cover to acquire all of the outstanding securities of PlasCred from the securityholders of PlasCred (the "Transaction").

On March 1, 2023 and May 24, 2023, Cover entered into amendments to the Assignment to amend certain terms. On August 3, 2023, the Transaction was completed and Cover issued an aggregate of 35,000,000 shares on a pro rata basis to the securityholders of PlasCred. Pursuant to the terms of the Agreement, Cover issued 5,000,000 performance warrants to the CEO of PlasCred with an exercise price of $0.25 per common share for a period of 5 years. Lastly, Cover issued 1,500,000 finder common shares in connection with the Transaction. See Note 4.

The Transaction constituted a reverse acquisition ("RTO") of Cover by PlasCred, with PlasCred being the acquirer for accounting purposes. Accordingly, these consolidated financial statements (the "financial statements") are a continuation of PlasCred, with the net assets of Cover being consolidated from August 3, 2023, as well as Cover's operating results from that date forward. The comparative figures are those of PlasCred.

The financial year end of the Company was changed from September 30 to December 31. Accordingly, the comparative figures for the consolidated statement of loss and comprehensive loss, consolidated statement of change in shareholders' equity and the consolidated statement of cash flows, and the related notes are for the period from January 1, 2023 to March 31, 2023.

The Company's principal activities are intended to be that of recycling plastic waste materials using a process for which a patent was applied. In May 2023, with the additional financing received, the Company completed the construction of its demonstration plant (formerly the pilot plant), which is designed to recycle mixed plastics and the plant achieved successful testing. Research is under way towards the design and fabrication of the Company's full-scale plant ("Maximus Facility"), which will require further financing.

2. BASIS OF PRESENTATION

(a) Statement of Compliance

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

These audited consolidated financial statements were approved and authorized for issue by the Board of Directors on May 30, 2024.

(b) Going Concern

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business..

During the three months ended March 31, 2024, the Company incurred a net loss and comprehensive loss of $662,689 (March 31, 2023 – $283,161) and utilized cash totaling $227,747 (March 31, 2023 – cash increase of $407,288) in operating activities. As at March 31, 2024, the Company had an accumulated deficit of $11,428,596 (December 31, 2023 - $10,765,907) and an excess of current liabilities over current assets of $324,811 (December 31, 2023 - $111,652).

The Company's ability to continue as a going concern depends upon its ability to successful achieve its business plans and to raise adequate financing to fund its operating and investing programs. Management is actively targeting sources of additional financing through alliances with financial entities or other business and financial transactions which would assure continuation of the Company's operations and technology programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing. There is no assurance the Company will be able to complete them or obtain adequate financing in the future.

As a result of the aforementioned factors, there is a material uncertainty that may cast in significant doubt as to the ability of the Company to meet its obligations as they come due and continue as a going concern.

These consolidated financial statements do not reflect adjustments that may be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classification used.

(c) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments measured at fair value.

(d) Functional and presentation currency

These financial statements are presented in Canadian dollar, which is also the Company's and its subsidiaries' functional currency.

All dollar amounts presented are in Canadian dollars unless otherwise specified.

(e) Use of judgments and estimates

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments 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.

Critical judgments in applying accounting policies:

The following are the critical judgments that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in these consolidated financial statements:

(i) Going concern

Assessment as to whether there are material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

(ii) Determination of useful life of the demonstration plant

The determination of useful life for the purposes of recording depreciation requires judgment and assumptions.

Key sources of estimation uncertainty:

(i) Valuation of share-based payments (including performance warrants)

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, forfeiture rate and the probability of certain events occurring (in the case of performance warrants). changes in the input assumptions can materially affect the fair value estimate and the company's earnings and equity reserves.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

The Company adopted Disclosure of Accounting Policies (Amendments to IAS 1) from January 1, 2023. The amendments require the disclosure of "material" rather than "significant" accounting policies. The amendments did not result in any changes to the accounting policies themselves or have any impact.

(a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company balances and transactions, income and expenses have been eliminated upon consolidation.

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

As of the date of these consolidated financial statements, the Company's structure is represented by PlasCred Circular Innovation, Inc. as the parent company, and the following wholly owned subsidiaries:

		Ownership Percentage	
Name	**Country of incorporation**	**2024**	**2023**
Plascred, Inc.	Canada	100%	-%
Mag One Operations Inc. (Mag One Canada) *	Canada	-%	100%

* Mag One Canada had no transactions and was inactive. The entity was disposed on June 8, 2023 prior to the RTO for $1.

(b) Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are classified into the following categories: amortized cost; fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI").

The classification is determined by both the Company's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

On initial recognition, all financial assets are measured at fair value adjusted for directly attributable transaction costs except for financial assets classified as FVTPL, in which case the transaction costs are expensed as incurred.

Subsequent measurement of financial assets – recognition and derecognition

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

The Company's cash, share subscription receivable and deposits fall into this category of financial asset.

Financial assets at FVTPL

Financial assets that are held within a different business model than 'hold to collect' or 'hold to collect and sell, and financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The Company has no financial asset in this category.

Financial assets at FVOCI

A financial asset is measured at FVOCI if the financial asset is held within a business model of both collecting contractual cash flows and selling the financial assets or through an irrevocable election for equity instruments that are not held for trading.

Any gains or losses recognized in other comprehensive income ("OCI") will be recycled upon derecognition of the asset.

The Company has no financial assets in this category.

Classification and initial measurement of financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at FVTPL.

Subsequent measurement of financial liabilities

Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss.

The Company's accounts payable and accrued liabilities, short-term loan and notes payable are measured at amortized cost.

The Company has not designated any financial liabilities at FVTPL.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured 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 financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to 12 months of expected credit losses. For accounts receivable, the Company applies the simplified approach to providing for expected credit losses, which allows for the use of a lifetime expected credit loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and is related to an event occurring after the impairment was recognized.

(c) Cash

Cash comprised of cash held at Bank.

(d) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted loss per share amounts is calculated whereby the proceeds received from the exercise of stock options and warrants would be used to repurchase common shares at the prevailing market rate. Under this method, the basic and diluted loss per share is the same, as the effect of common shares issuable upon the exercise of warrants and stock options of the Company would be anti-dilutive due to the losses.

(e) Income taxes

Tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences relating to the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects either accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, and the Company intends to settle tax liabilities and assets on a net basis or to realize the tax assets and liabilities simultaneously.

Deferred tax assets are recognized to the extent it is probable that future taxable profit will be available against which the temporary differences can be utilized.

(f) Plant and equipment including asset under construction

Items of plant and equipment are measured at cost, net of accumulated depreciation and any impairment losses.

Cost includes expenditures that are directly attributable to the asset acquisition.

The cost of self-constructed assets includes the cost of materials, direct labor, other costs directly attributable to make the asset available for its intended use, as well as relevant borrowing costs on qualifying assets as further described below. During their construction, property, plant and equipment are classified as construction in progress and are not available for use and are not subject to depreciation. When the asset is available for use, it is transferred from CIP to the relevant category of property, plant and equipment and depreciation commences.

Where particular parts of an asset are significant, discrete and have distinct useful lives, the Company may allocate the associated costs between the various components, which are then separately depreciated over the estimated useful lives of each respective component.

The Company’s asset under construction is for the recycling plant (2023 – for the demonstration plant), which will take a substantial period of time to get ready for its intended use. Therefore, in accordance with IAS 23, Borrowing costs, it is a qualifying asset and the borrowing costs directly attributable to the construction in progress are being capitalized. Capitalization of borrowing cost would cease when the asset is substantially complete or if construction is interrupted for an extended period.

Depreciation is charged to write off the cost of assets over their useful lives using the straight-line method.

The estimated useful life of the demonstration plant is 3 years and computer equipment is 4 years and are depreciated on a straight-line basis.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimates accounted for on a prospective basis.

(g) Impairment of non-financial assets

The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the estimated recoverable amount is calculated. For the purpose of impairment testing, property, plant and equipment are grouped together into the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or group of assets. The recoverable amount of an asset or CGU is the greater of its fair value less costs of disposal ("FVLCD") and its value in use ("VIU"). FVLCD is the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal or in the case of a lack of comparable transactions, based upon discounted after tax cash flows. VIU is determined by estimating the present value of the future net cash flows expected to be derived from the continued use of the asset or CGU. Cash flows are discounted using after tax discount rate. An impairment loss is recognized in profit or loss if the carrying amount of an asset or CGU exceeds its estimated recoverable amount.

(h) Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects in shareholders' equity. Common shares issued for consideration other than cash are valued based on their market value of assets or services received. If this value cannot be determined, the transaction is measured at the fair market value of the shares on the date the shares are issued. Common shares held by the Company are classified as treasury stock and recorded as a reduction to shareholders' equity. Proceeds from unit placements are allocated between shares and warrants issued according to the residual method with proceeds being first allocated to share capital based on their market value at the date the agreement to issue shares was concluded.

(i) Share-based payments (including performance warrants)

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares, an expected life of the options (including any estimated forfeitures) and probability of certain events occurring (in the case of performance warrants). The fair value of direct awards of shares is determined by the quoted market price of the Company's stock. Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

(j) Research and development

From time to time, the Company may incur expenditure on research prior to undertaking any major construction project or modifications thereof. Expenditures on such research activities are recognized as an expense in the period in which they were incurred.

Once it has been determined that the proposed plant, product or process on which research activities were performed, is technically and commercially feasible, the Company would commence the construction of tangible assets itself, and at that stage, the guidance under International Accounting Standards 16, *Property, Plant and Equipment* relating to capitalization of the item of property, plant and equipment (see accounting policy on capitalization above) are followed.

(k) Accounting standards issued but not yet effective

The Company reviewed all new and revised accounting standards and pronouncements that are not yet effective and not implemented in these financial statements and has determined that there were none issued up to March 31, 2024 that would have a material impact

4. REVERSE ACQUISITION

As described in Note 1, on August 3, 2023, Cover and PlasCred completed the Transaction which constituted an RTO.

The Transaction resulted in the shareholders of PlasCred obtaining control of the combined entity by obtaining control of the voting rights, governance, and management decision making processes, and the resulting power to govern the financial and operating policies of the combined entities.

Cover did not meet the definition of a business under IFRS 3 *Business Combinations* at the time of RTO. Instead, the transaction was accounted for as a reverse acquisition under IFRS 2 *Share-based Payment*. Under this basis of accounting, the consolidated entity is considered to be a continuation of PlasCred, with the net identifiable assets of Cover (accounting acquiree) deemed to have been acquired by PlasCred (accounting acquirer). The purchase consideration below was estimated based on the fair value of Cover's common shares ("Cover shares") and warrants ("Cover warrants") that PlasCred would have had paid to Cover pursuant to the reverse acquisition. Upon completion of the Transaction, the fair value of all identifiable assets and liabilities acquired was determined. The carrying value of PlasCred's and Cover's assets and liabilities at closing are assumed to approximate their fair values as at that date due to their short-term nature. The difference between fair value of the common shares and warrants issued and the fair value of net assets acquired was recognized as a listing expense during the year ended December 31, 2023.

(Expressed in Canadian Dollars)

5. DEPOSIT AND OTHER LIABILITY

Pursuant to the terms of the Transaction, Cover arranged for a $500,000 cash deposit that is currently held in escrow through an Escrow Agent. These funds will be held in escrow for a period of 12 months from the closing date of the Transaction as a security against any potential claims that may arise against the Company with respect of a certain contribution agreement between Mag One Canada and Investissement Quebec or made by the Government of Quebec (including, but not limited to, any department, branch, ministry or other authority of the Government of Quebec).

If no claims are made against the Company with respect to such contribution agreement or made by the Government of Québec, then after the expiry of the 12-month period, the deposit shall be returned to the depositor (a liability of $500,000 was assumed on closing of the Transaction).

6. PLANT AND EQUIPMENT INCLUDING ASSET UNDER CONSTRUCTION

	Demonstration plant (formerly pilot plant) $	Asset under construction $	Computer equipment $	Total $
Cost:				
Balance, December 31, 2022	-	331,916	1,724	333,640
Additions	-	599,558	4,402	603,960
Borrowing costs capitalized	-	33,866	-	33,866
Transferred upon completion	965,340	(965,340)	-	-
Balance, December 31, 2023	965,340	-	6,126	971,466
Additions	1,559	33,708	-	35,267
Balance, March 31, 2024	966,899	33,708	6,126	1,006,733
Accumulated depreciation:				
Balance, December 31, 2022	-	-	-	-
Charge for the year	(71,800)	-	(1,200)	(73,000)
Balance, December 31, 2023	(71,800)	-	(1,200)	(73,000)
Charge for the period	(80,000)	-	(1,200)	(81,200)
Balance, March 31, 2024	(151,800)	-	(2,400)	(154,200)
Net book value:				
Balance, December 31, 2023	896,540	-	4,926	898,466
Balance, March 31, 2024	**815,099**	**33,708**	**3,826**	**852,533**

As at December 31, 2022, the mixed plastic recycling demonstration plant was still under construction thus not subjected to depreciation.

In May 2023, the construction of its mixed plastic recycling demonstration plant was completed and achieved successful testing. Accordingly, the Company reclassified the construction costs and recorded depreciation thereon.

During the period ended December 31, 2023, interest on short-term loan totaling $33,866 (2022 - $11,700) was capitalized as borrowing costs relating to the construction in progress. The allocation was determined based on estimating the proportion of cash used between construction work in progress, and general and administrative expenses.

Management determined that there is no significant decommissioning liability as at March 31, 2024 and 2023 in relation to its demonstration plant.

(Expressed in Canadian Dollars)

No impairment indicators were identified as at March 31, 2024 and December 31, 2023.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2024 $	December 31, 2023 $
Accounts payable	630,634	649,453
Accrued liabilities - due to related parties (Note 11)	200,000	170,000
	830,634	**819,453**

8. NOTES PAYABLE

As at March 31, 2024, the Company had arms-length notes outstanding of $1,294. This loan is unsecured, non-interest bearing and due on demand.

9. SHARE CAPITAL

(a) Authorized

Unlimited number of voting common shares.

(b) Issued and outstanding

	Common shares		Warrants	
	Number of shares	Amount $	Number of warrants	Amount $
Balance, December 31, 2022	10,000,000	10,000	-	
Shares repurchased (ii)	(1,830,000)	(1,830)	-	
Cancellation of shares of PlasCred Inc.((iii) and Note 4)	(8,170,000)	-	-	
Outstanding shares and warrants of Cover Technologies Inc. (Note 4)	25,496,604	7,648,970	12,000,000	1,794,659
Shares issued pursuant to reverse take over ((iii) and Note 4)	35,000,000	-	-	-
Issued for finder's fee ((iv) and Note 4)	1,500,000	450,000	-	-
Warrants exercised (v)	400,000	160,000	(400,000)	(60,000)
Balance, December 31, 2023	62,396,604	8,267,140	11,600,000	1,734,659
Warrants exercised	75,000	30,000	(75,000)	(11,250)
Balance, March 31, 2024	62,471,604	8,297,140	11,525,000	1,723,409

(i) During the period ended December 31, 2022, the Company issued 10,000,000 common shares at $0.001 each for $10,000. The share subscriptions receivable of $10,000 relates to issuance of these common shares. As at December 31, 2023, subscription receivable was $6,837 (2022 - $10,000)

(ii) During the year ended December 31, 2023, the Company repurchased 1,830,000 voting common shares for $1,830. This amount was set off against share subscription receivable reducing the balance of share subscription receivable to $8,170 as at December 31, 2023 (2022 - $10,000).

(Expressed in Canadian Dollars)

(iii) On August 3, 2023, the Company acquired all the issued and outstanding shares of PlasCred in exchange for its own 35,000,000 common shares.

(iv) On August 3, 2023, the Company paid a finder's fee in connection with the RTO, comprised of issuance of 1,500,000 common shares at a fair value of $0.30 per share totaling $450,000, which was recognized as a listing expense.

(v) During the year ended December 31, 2023, 400,000 (800,000 pre-consolidation) warrants were exercised at $0.25 for gross proceeds of $100,000. Upon the exercise of warrants, the Company transferred the related reserve recognized previously totaling $60,000 from warrants to share capital.

(vi) On August 3, 2023, the Company consolidated all of its issued and outstanding common shares on the basis of every two old common shares into one new common share. Unless otherwise noted, all share, option and warrant information have been retroactively adjusted to reflect this consolidation.

(vii) During the three months ended March 31, 2024, 75,000 warrants were exercised at $0.25 for gross proceeds of $18,750. Upon the exercise of warrants, the Company transferred the related reserve recognized previously totaling $11,250 from warrants to share capital.

Shares held in escrow

The 35,000,000 common shares that were issued pursuant to RTO were placed in escrow. During the 3 months ended March 31, 2024, 6,434,499 were released and the remainder are being released as follows:

Escrow release date	**# of shares being released**
August 8, 2024	6,377,949
February 8, 2025	4,630,776
August 8, 2025	5,054,478
February 8, 2026	8,100,548
August 8, 2026	4,401,750
	28,565,501

(c) Share options

The Company has an incentive stock option plan under which it is authorized to grant options to executive officer, directors, employees and consultants enabling them to acquire up to 10% of the then issued and outstanding common shares of the Company. The exercise price is subject to a minimum $0.10 per option. The minimum exercise price of an option granted shall not be less than the discounted market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum of five (5) years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors in accordance with the rules and policies of the regulatory authorities.

On October 5, 2023, the Company granted incentive share options to directors, officers and consultants to purchase an aggregate of 3,100,000 common shares at an exercise price of $0.92 per common share for up to five years. The options vested a third upon grant date, a third six months after the grant date and a third twelve months after the grant date. The grant date fair value of the options was measured at $2,345,052. The options were measured using the Black-Scholes Option Pricing

(Expressed in Canadian Dollars)

Model with the following inputs and assumptions: share price – $0.98; exercise price – $0.92; expected life – 5 years; volatility – 100%; dividend yield – $0; and risk-free rate – 4.34% per annum. As at December 31 2023, the Company recorded share-based payments of $1,334,662 based on graded vesting method.
The following table summarizes the continuity of the Company's stock options activity.

	Year ended December 31, 2023		Year ended December 31, 2023	
	Number of options	**Weighted average exercise price $**	**Number of options**	**Weighted average exercise price $**
Balance, beginning of year	3,100,000	0.92-	-	-
Granted		-	3,100,000	0.92
Balance, end of year	**3,100,000**	**0.92**	**3,100,000**	**-**
Exercisable	**1,033,333**	**0.92**	**1,033,333**	**-**

Weighted average remaining life of outstanding options as at March 31, 2024 is 4.51 (2023 – Nil) years. The options are exerciseable as follows: 1/3 immediately; 1/3 six months from October 5, 2023, and 1/3 twelve months from October 5, 2023.

As at March 31, 2024, the Company had the following share options outstanding:

Number of share options	Exercise price	Expiry date
3,100,000	$0.92	October 05, 2028

(d) Warrants

The following table summarizes warrants activity and balances outstanding as at March 31, 2024 and 2022:

	Three months ended March 31, 2024		Year ended December 31, 2023	
	Number of warrants	**Weighted average exercise price $**	**Number of warrants**	**Weighted average exercise price $**
Balance, beginning of period	11,600,000	-	-	-
Assumed on RTO (Note 4)	-	0.25	12,000,000	0.25
Exercised (Note 10 (b)	(75,000)	0.25	(400,000)	0.25
Balance, end of period	**11,525,000**	**0.25**	**11,600,000-**	**-**

(Expressed in Canadian Dollars)

Outstanding warrants as at March 31, 2024 were as follows:

Number of warrants	Weighted average exercise price	Expiry date
11,525,000	**$0.25**	**November 14, 2024**

Weighted average remaining life of outstanding warrants as at March 31, 2024 is 0.62 (December 31, 2023 – 0.87) years.

(e) Performance Warrants

Concurrently with the closing of RTO (Note 4), the Company issued 5,000,000 performance warrants to the CEO of the Company with an exercise price of $0.25 and expires 5 years from the date of issuance. Performance warrants may only be exercised by the holder upon achievement of vesting conditions, which are as follows:

- 1,666,667 performance warrants are exercisable at the earlier of (i) the Company securing a financing of $15,000,000 or greater or (ii) the construction of its proposed full-scale processing facility (“Maximus Facility”) (management estimated this to be achievable by December 31, 2024);
- 1,666,667 performance warrants are exercisable upon the construction of the Company’s Maximus Facility; (management estimated this to be achievable by June 30, 2026) and,
- 1,6666,666 performance warrants are exercisable upon the Maximus Facility achieving initial output of 2,000 barrels per day (management estimated this to be achievable by December 31, 2026).

The total fair value of these warrants was estimated to be $1,177,269. This fair value was calculated using the Black-Scholes Option Pricing Model with the following inputs and assumptions: share price – $0.30, exercise price - $0.25, expected life of warrants – 5 years; expected volatility – 100%; expected dividend yield – 0%; and risk-free rate – 4.13%. During the year ended December 31, 2023, the Company recognized share-based payments of $216,260 based on graded vesting method.

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS

Key management compensation

The Company's key management personnel have authority and responsibility for overseeing, planning, directing, and controlling the activities of the Company. Key management personnel include the director, who is also the President and Chief Executive Officer of the Company and other executive officers (Chief Technology Officer and Chief Financial Officer).

	Three months ended March 31, 2024 $	**Three months ended March 31, 2023 $**
Salaries, wages and consulting fees	116,750	108,325
Share-based payments	-	-
Performance warrants	-	-
	116,750	**108,325**

Accrued liabilities (Note 8) totaling $200,000 (December 31, 2023 - $170,000) is in relation to consulting fees payable to key management. This amount payable is non-interest bearing, is unsecured, and has no specific terms of repayment.

11. LOSS PER SHARE

The calculation of basic and diluted loss per share for the three months ended March 31, 2024 was based on the loss attributable to common shareholders of $662,689 (2023 – $283,161) and the weighted average number of common shares outstanding of 62,400,000 (2023 – 8,170,000) after applying the exchange ratio pursuit in the reverse take over.

Share options and warrants were anti-dilutive during the three months ended March 31, 2024 and 2023 due to the losses.

(Expressed in Canadian Dollars)

12. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended March 31, 2024 $	Three months ended March 31, 2023 $
Sources (uses) of cash		
GST receivable	(4,144)	(17,914)
Prepaid expenses	21,625	-
Accounts payable and accrued liabilities	130,768	(154,474)
	148,249	(172,415)
Related to operating activities	148,768	37,254
Related to investing activities	-	(209,669)
	148,768	(172,415)
Interest paid	-	-
Taxes paid	-	-

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair values

At March 31, 2024 and December 31, 2023, the Company's financial instruments consist of cash, share subscription receivable, deposit, accounts payable and accrued liabilities and notes payable.

At March 31, 2024 and December 31, 2023, the fair values of cash, share subscription receivable, deposit, accounts payable and accrued liabilities and notes payable approximate their carrying values due to the relatively short-term maturity of these financial instruments.

(b) Risk management

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

The Company employs risk management strategies and polices to ensure that any exposures to risk are in compliance with the Company's business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for the Company's risk management framework, the Company's management has the responsibility to administer and monitor these risks.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations and arises principally from the Company's cash balance.

The Company's maximum exposure to credit risk associated with financial assets is equivalent to the carrying amounts of these financial assets i.e. the cash balance, share subscription receivable and deposit as at March 31, 2024 and December 31, 2023.

The Company holds its cash with reputable a Canadian bank; thus, the credit risk exposure is low to none. The Company has no exposure to share subscription receivable as it is due from the shareholders and deposit as the cash is in escrow.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

As at March 31, 2024, the Company's financial liabilities include accounts payable and accrued liabilities and short-term loan totaling $831,928 which are payable within a year. The Company has cash and receivables of $483,486 as at March 31, 2024. The Company expects to be able to obtain funding to settle its liabilities as and when they fall due.

(iii) Market risk

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

- Interest rate risk:

Interest rate risk is part of market risk and is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As at March 31, 2024, the Company does not have any significant interest rate risk exposure.

As at March 31, 2024, the short-term loan (Note 5) carried fixed rate of interest therefore there is no interest rate fluctuation risk on this loan but the Company is exposed to market rate risk if the market interest rate changes.

- Foreign currency risk:

The Company does not have any significant risk exposure on foreign currency risk as it has no financial assets or liabilities denominated in a foreign currency as at March 31, 2024.

14. CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the Company's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximize stakeholder returns sustainably.

In the management of capital, the Company defines capital as the aggregate of its total equity (share capital less accumulated deficit) and include short-term borrowings.

The Company is not subject to externally imposed capital requirements.

15. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being in the business of developing green technology in Canada. As the operations comprise a single reporting segment, amounts disclosed also represent segment amounts. All long-term assets of the Company are located in Canada.

16. SUBSEQUENT EVENTS

Equity financing

On April 26, 2024, the Company executed a Growth Equity Agreement (“GEA") for up to $10,000,000, to be drawn in tranches over a period of 36 months.

In connection with GEA, the Company has agreed to issue 4,100,000 warrants with 36-month expiry at a price of 120% of weighted average price (“VWAP”) for 5 days prior to April 26, 2024, and pay a 3% commitment fee to be paid in tranches out of the first 3 Capital Call Closings. On the six-month anniversary of signing of the equity financing agreement, if the market price (defined using the average VWAP during the previous 30 days of the six-month anniversary) of the common shares of the Company is less than 90% of the then-current exercise price of the warrants, the exercise price of those warrants issued will be adjusted to a 110% premium to the previous 30-day VWAP.

The GEA also provides for a penalty that is payable in the event that the warrants are not issued as stipulated. This penalty is equal to the higher of $915,000 and the Black Scholes value of such unissued warrants.

The funds raised from GEA will be directed towards various corporate needs including engineering and design, research and development, operational expenses, and general corporate purposes.

As at the date of these financial statements, the Company has not received any funds from the GEA.

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