NU E Power Corp.

(formerly NU E Corp.)

CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, in Canadian dollars)

Year ended December 31, 2023

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of NU E Power Corp.

Opinion

We have audited the consolidated financial statements of NU E Power Corp. (the "Company"), which comprise:

- the consolidated statements of financial position as at December 31, 2023 and December 31, 2022
- the consolidated statements of loss and comprehensive loss for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that NU E Power Corp. has not yet generated sufficient revenue from the development of its solar power generation assets to provide positive cash flow from operating activities and has incurred a loss of $8.9 million for the year ended December 31, 2023. As a result, the long-term viability of NU E Power Corp. will depend on its ability to develop new power generation assets or other long-term sources of income to provide positive cash flow from operating activities, which is dependent on the Company's ability to successfully access additional financing.

As stated in Note 1 in the financial statements, these events or conditions, along with other matters as set forth in Note 1 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

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

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

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

The engagement partner on the audit resulting in this auditor's report is Stephanie Regier Pankratz

KPMG LLP

Chartered Professional Accountants

Calgary, Canada
April 29, 2024

NU E Power Corp.
Consolidated Statements of Financial Position
(in Canadian dollars)

	December 31, 2023	December 31, 2022
ASSETS		
Current		
Cash	816,883	1,310,082
Trade and other receivables (note 6)	161,859	51,372
Prepaids and deposits (note 7)	34,011	6,009
Loan receivable (note 8)	45,983	50,953
Total current assets	1,058,736	1,418,416
Non-current		
Restricted cash	-	95,000
Loan receivable (note 8)	176,814	45,983
Investments (note 9)	137,509	-
Right-of-use assets (note 10)	79,663	149,110
Property, plant and equipment (note 11)	67,682	1,356,028
Development costs (note 12)	-	945,276
Total non-current assets	461,668	2,591,397
Total assets	1,520,404	4,009,813
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 13)	534,116	274,024
Shareholder loans (note 22)	-	10,965
Loans and borrowings (note 14)	300,000	48,180
Leases (note 10)	51,280	59,744
Total current liabilities	885,396	392,913
Non-current		
Loans and borrowings (note 14)	-	856,918
Leases (note 10)	25,258	76,276
Total non-current liabilities	25,258	933,194
Total liabilities	910,654	1,326,107
SHAREHOLDERS' EQUITY		
Common shares (note 15)	10,085,997	4,578,012
Warrants (note 15)	1,040,491	50,491
Contributed surplus	627,674	254,277
Deficit	(11,144,412)	(2,199,074)
Total shareholders' equity	609,750	2,683,706
Total liabilities and shareholders' equity	1,520,404	4,009,813

Going concern (note 1)
Discontinued operations (note 5)
Subsequent events (note 14)

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

NU E Power Corp.
Consolidated Statements of Loss and Comprehensive Loss
(in Canadian dollars)

Year ended December 31,	2023	2022
Revenue (note 16)	401,364	-
Expenses		
General and administrative (note 17)	2,569,864	1,080,900
Development expenses	-	32,049
Share-based compensation (note 15)	459,197	244,557
Depreciation and amortization (notes 10, 11)	87,659	82,346
Share in loss of joint venture and associate (note 9)	6,241	-
Operating income	(2,721,597)	(1,439,852)
Reverse takeover expense (note 4)	(6,436,937)	-
Net gain on sale of assets (note 11, 12)	223,604	-
Finance (expense) income, net (note 19)	(35,018)	(18,331)
Loss before income tax	(8,969,948)	(1,458,183)
Income tax recovery (note 18)	24,610	-
Net loss before discontinued operations	(8,945,338)	(1,458,183)
Discontinued operations (note 5)	-	(376,354)
Net loss and comprehensive loss	(8,945,338)	(1,834,537)
Net loss per share attributable to shareholders (note 15)		
Basic and diluted, net loss per share from continuing operations	(0.18)	(0.03)
Basic and diluted, net loss per share from discontinued operations	-	(0.01)
Basic and diluted, net loss per share	(0.18)	(0.04)

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

NU E Power Corp.
Consolidated Statements of Changes in Shareholders' Equity
(in Canadian dollars)

	Share Capital	Warrants	Contributed Surplus	Deficit	Total
Balance at January 1, 2023	4,578,012	50,491	254,277	(2,199,074)	2,683,706
Loss for the period	-	-	-	(8,945,338)	(8,945,338)
Repurchase and cancellation of shares (note 15)	(104,200)	-	(95,800)	-	(200,000)
Shares and warrants issued pursuant to reverse takeover (notes 4, 15)	5,462,185	990,000	-	-	6,452,185
Shares issued for services (note 15)	150,000	-	10,000	-	160,000
Share-based compensation (note 15)	-	-	459,197	-	459,197
Balance, December 31, 2023	10,085,997	1,040,491	627,674	(11,144,412)	609,750

	Share Capital	Warrants	Contributed Surplus	Deficit	Total
Balance at January 1, 2022	1,443,097	42,369	-	(364,537)	1,120,929
Loss for the period	-	-	-	(1,834,537)	(1,834,537)
Issuance of shares and warrants (note 15)	3,134,915	8,122	-	-	3,143,037
Cancellation of common shares (note 15)	-	-	9,720	-	9,720
Share-based compensation (note 15)	-	-	244,557	-	244,557
Balance at December 31, 2022	4,578,012	50,491	254,277	(2,199,074)	2,683,706

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

NU E Power Corp.
Consolidated Statements of Cash Flows
(in Canadian dollars)

Year ended December 31,	2023	2022
Operating activities		
Net loss	(8,945,338)	(1,834,537)
Non-cash items:		
Depreciation and amortization (notes 10, 11)	87,659	105,940
Impairment loss on remeasurement of discontinued operations	-	35,063
Share-based compensation (note 15)	459,197	244,557
Allowance for doubtful accounts	-	1,500
Net gain on sale of assets	(223,604)	-
Loss from equity investments (note 9)	6,241	-
Shares issued for services (note 15)	160,000	-
Reverse takeover expense	6,436,937	-
Net change in non-cash working capital (note 23)	(12,050)	218,986
Cash flows used in operating activities	(2,030,958)	(1,228,491)
Financing activities		
Repayment of mortgage (note 14)	(905,097)	(46,075)
Proceeds from issuance of debenture (note 14)	300,000	-
Repayment of term loan (note 14)	-	(20,102)
Proceeds from private placements, net (note 15)	-	3,152,756
Repurchase of common shares (note 15)	(200,000)	-
Lease payments (note 10)	(59,482)	(86,099)
Repayment of shareholder loans	(10,965)	1,131
Net change in non-cash working capital (note 23)	138,445	648
Cash flows (used in) from financing activities	(737,099)	3,002,259
Investing activities		
Sale of land (note 11)	1,600,000	-
Development costs (note 12)	(498,214)	(877,475)
Sale of development assets, net of transaction costs (note 12)	998,199	-
Investment in associate (note 9)	(225,000)	-
Cash received in asset acquisition (note 4)	63,131	-
Loan receivable (note 8)	299,284	(23,062)
Additions to property, plant and equipment (note 11)	(4,867)	(4,926)
Change in restricted cash	95,000	-
Net change in non-cash working capital (note 23)	(52,675)	16,363
Cash flows from (used) in investing activities	2,274,858	(889,100)
Net change in cash and cash equivalents	(493,199)	884,668
Cash and cash equivalents, beginning of period	1,310,082	425,414
Cash and cash equivalents, end of period	816,883	1,310,082
Interest paid on loans and borrowings, net	41,494	41,986

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

1. Incorporation and nature of business

NU E Power Corp. (the "Company" or "NU E") (formerly NU E Corp.) is a Canadian owned and operated solar development company headquartered in Calgary, Alberta. NU E was incorporated in Toronto, Ontario on January 28, 2021 and continued to Alberta on March 9, 2022. The primary office is located at 6404, 6A St. SE, Calgary, Alberta, Canada, T2H 2B7. The Company's core capabilities include solar site identification, land acquisition, regulatory and interconnection processes.

On October 16, 2023, the Company amalgamated with 2514148 Alberta Ltd., a wholly owned subsidiary of Vinza Capital Management Inc. ("Vinza"), in exchange for 46,014,110 shares of Vinza, resulting in the shareholders of NU E Corp. acquiring control of Vinza to effect a reverse takeover ("RTO") of Vinza by NU E Corp. Pursuant to the amalgamation Vinza changed its name to NU E Power Corp. These financial statements reflect the historical information of NU E Corp. prior to the amalgamation, as NU E Corp.'s operations are the continuing business.

On May 29, 2023, the Company transferred all its development assets and existing solar energy projects to wholly owned Special Purpose Vehicles ("SPV's") of the Company. Immediately ensuing the transfer of assets to the SPVs, the ownership of the SPVs were transferred to Low Carbon NU-Energy Corp. ("LC NU-Energy"), at the time a wholly owned subsidiary of NU E.

On June 7, 2023, the Company finalized an agreement (the "Transaction") with Low Carbon Canada Solar Limited ("Low Carbon"), an unrelated party, to create a joint venture for the purpose of developing existing and future solar energy projects through LC NU-Energy. The Transaction resulted in Low Carbon purchasing 50% of the common shares and 100% of the preferred shares that NU E held in LC NU-Energy for cash proceeds of $1,089,352 and received a Promissory Note receivable from one of the SPV's (Lethbridge One Solar Corp. ("LOSC")) for $425,145, representing solar project construction costs incurred by NU E (see note 12).

Further to the Transaction, Low Carbon, NU E and LC NU-Energy entered into a Development Services agreement whereby NU E would provide solar energy development services and Low Carbon would provide services and investment capital to LC NU-Energy.

In accordance with the Transaction agreement, once a solar development project in a SPV owned by the NU-Energy joint venture reaches the ready-to-build stage, Low Carbon is given the right of first refusal to acquire 100% of the SPV's equity at market value. Concurrent to Low Carbon exercising its right to purchase 100% of a given project's SPV equity, NU E has the option to acquire 25% of the SPV at the same price per share. If Low Carbon does not elect to acquire the solar development SPV at the ready-to-build stage, NU E has the option to purchase 100% of the project equity. On December 11, 2023, Low Carbon exercised its right of first refusal to purchase 100% of LOSC and the Company exercised its option to purchase 25% of LOSC, resulting in an effective decrease in the Company's ownership of LOSC from 50% to 25% (see note 9).

As of December 31, 2023, LOSC has commenced construction of the Lethbridge One solar project. Additionally, the Company has identified four solar power generation project locations that land access rights have been secured or is in the process of securing, which are held in SPV's owned 100% by the LC NU-Energy joint venture.

Going concern

The Company has not yet generated sufficient revenue from the development of its solar power generation assets to provide positive cash flow from operating activities and has incurred a loss of $8.9 million for the year ended December 31, 2023, and a $1.5 million loss from continuing operations for the year ended December 31, 2022. The Company will require additional capital to fund development of its solar power generation assets through its joint venture with Low Carbon and other corporate activities over the next year and beyond.

These consolidated financial statements have been prepared on a going concern basis, which assumes the realization of assets and settlement of liabilities in the normal course of business. The long-term viability of the Company will depend on its ability to develop new solar power generation projects or other long-term sources of income to provide positive cash flow from operating activities, which is dependent on the Company's ability to successfully access additional financing. These matters create a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern.

These consolidated financial statements do not include any adjustments to the carrying value or classification of recorded asset amounts and carrying value or classification of liabilities that might be necessary, should the Company be unable to continue as a going concern.

2. Material accounting policies

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The Company has consistently applied the same accounting policies throughout the periods presented.

These consolidated financial statements were approved by the Board of Directors on April 29, 2024.

(a) Principles of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are entities which the Company controls by having the power to govern the entity's financial and operating policies. The Company consolidates all its wholly owned subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany balances, transactions and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

Details of the Company's significant subsidiaries at December 31, 2023, are included below:

Name of subsidiary	Principal activity	Location	Proportion of ownership interest and voting rights held by the Corporation
NU E Corp.	Solar power development	Alberta, Canada	100%
Northern DC Solar Inc. ("NDC")	No principal activity	Alberta, Canada	100%

(b) Property, plant and equipment

Property, plant and equipment ("PP&E") is measured at cost less accumulated amortization, depreciation and impairment provisions.

The Company records PP&E at cost less accumulated depreciation and impairment losses. Cost includes expenditures to purchase and construct assets, and other costs associated with purchasing and preparing assets for their intended use. The costs associated with construction include material, labor, interest, and other direct costs required to bring the assets to their intended use.

Cost also includes the present value of an initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located to its original state.

NU E separates PP&E into identifiable components with different useful lives for depreciation purposes. Depreciation is based on the cost of the asset less its residual value. Depreciation of a component commences when the asset is first available for use and ceases when the asset is classified as held for sale or when the asset is derecognized.

Depreciation

The depreciation rates and expected useful lives of property, plant and equipment are reviewed on an annual basis, with changes in depreciation rates and useful lives accounted for prospectively.

The following rates and methods are used in the computation of depreciation expense:

Equipment	20% to 30% declining balance
Lease assets	straight-line 2 to 4 years

Land and construction work in progress are not depreciated.

Impairments

The carrying value of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there are any indicators of impairment. NU E performs an impairment test on the cash-generating unit ("CGU") or asset if there are indicators of impairment present.

The impairment test compares the recoverable amount of the CGU or asset to its carrying amount. The recoverable amount is the higher of the CGU or asset's value in use (present value of the estimated future cash flows) and its estimated fair value less costs to sell. Management is required to make assumptions about future cash flows including production, operating expenses, power prices and capital programs. It is possible that future cash flow assumptions may change. This may impact the estimated fair value of the associated asset and may require a material adjustment to the carrying value of the asset including intangible assets.

The Company evaluates impairment losses for potential reversals when management has made the judgment that events or circumstances warrant such consideration.

(c) Development costs

Development costs and assets under construction are projects undertaken by the Company where the asset is not yet available for use. Project development costs are recorded at cost less any impairment losses. The Company capitalizes costs associated with development if it is probable that the project will be completed and that it will generate future economic benefits to the Company. The Company considers various factors in making that determination, including:

- technical feasibility of completing the project for use or sale;
- rights of access to the required land have been secured or it is probable that they will be secured;
- acquisition or the probability of acquiring access to the power pool or customer, for distribution.

Development costs are transferred to PP&E or intangible assets at commencement of construction. If a development project no longer meets the above criteria, those deferred costs are expensed.

(d) Joint ventures and investment in associates

Joint ventures represent arrangements where NU E has joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor a joint venture.

Joint ventures and investment in associates are accounted for using the equity method of accounting and are initially recognized at cost, or fair value if acquired as part of a business combination. Joint ventures and investment in associates are adjusted thereafter for the post-acquisition change in the Company's share of the equity accounted investees' net assets. The Company's financial statements include its share of the equity accounted investees' profit or loss and comprehensive income, until the date that joint control or significant influence ceases, respectively. When NU E's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that NU E has an obligation or has made payments on behalf of the investee. Distributions from and contributions to investments in equity accounted investees are recognized when received or paid.

After application of the equity method, NU E determines whether it is necessary to recognize an impairment loss on its equity accounted investees. At each reporting date, NU E determines whether there is objective evidence that the equity accounted investment is impaired. If there is such evidence, NU E calculates the amount of the impairment as the difference between the recoverable amount of the equity accounted investment and its carrying value, and then recognizes the loss within share of profit of equity accounted investees in the consolidated statement of loss and comprehensive loss.

(e) Discontinued operations

A discontinued operation is a component of the Corporation's business that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations and is part of a single co-ordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately in the consolidated statements of earnings (loss). Comparative figures are adjusted on the consolidated statements of earnings (loss) and on the consolidated statement of comprehensive income (loss) as if the operations had been discontinued from the beginning of the comparative period.

(f) Asset acquisitions

The Company accounts for asset acquisitions using the cost accumulation method when control is obtained. The individual identifiable assets are determined and the cost of the acquisition, including certain transaction costs, is allocated to the assets acquired on the basis of relative fair value. This allocation can result in the recognition of some assets at a value other than their fair market value.

(g) Capitalized borrowing costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

(h) Leases

A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the commencement date, the lease liability is recognized at the present value of the future lease payments and discounted using the interest rate implicit in the lease or the Company's incremental borrowing rate. A corresponding lease asset will be recognized at the amount of the lease liability, adjusted for any lease incentives received and initial direct costs incurred. Over the term of the lease, financing expense is recognized on the lease liability using the effective interest rate method and charged to net income, lease payments are applied against the lease liability and depreciation on the lease asset is recorded by class of underlying asset.

The lease term is the non-cancellable period of a lease and includes periods covered by an optional lease extension option if reasonably certain the Company will exercise the option to extend. Conversely, periods covered by an option to terminate are included if the Company does not expect to end the lease during that time frame. Leases with a term of less than twelve months or leases for underlying low value assets are recognized as an expense in net income on a straight-line basis over the lease term.

A lease modification will be accounted for as a separate lease if it materially changes the scope of the lease. For a modification that is not a separate lease, on the effective date of the lease modification, the Company will remeasure the lease liability and corresponding lease asset using the interest rate implicit in the lease or the Company's incremental borrowing rate. Any variance between the remeasured lease asset and lease liability will be recognized as a gain or loss in net income to reflect the change in scope.

(i) Revenue recognition

The Company provides solar energy development services to LC NU-Energy. Revenue is based on a contracted fee and is earned based on services performed and delivered each period.

(j) Income tax

Income taxes are comprised of current and deferred taxes. Current tax and deferred tax are recognized in the statements of income 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 period, using tax rates enacted or substantively enacted at the reporting date, 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 carrying amounts used for taxation purposes. Deferred tax is not recognized for:

i. Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

ii. Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

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 reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which these deductions can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(k) Share-based compensation

The Company records a compensation cost for all share options granted to employees, directors or officers over the vesting period of the options based on the fair value of the option at the grant date using the Black-Scholes option pricing model. Share-based compensation expense is recognized over the options vesting period, with a corresponding adjustment to contributed surplus. The number of awards expected to vest is reviewed each period, with the effect of any change being recognized immediately. If the share purchase options are exercised, the consideration paid by employees, directors or officers and the amount previously recognized in contributed surplus are recorded as an increase to share capital.

(l) Loss per share

Basic loss per share is calculated by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period.

Diluted loss per share is calculated using the treasury stock method, by dividing income available to common shareholders, adjusted for the effects of dilutive securities, by the weighted average number of common shares outstanding during the period and all additional common shares that would have been outstanding had all potential dilutive common shares been issued.

(m) Financial instruments

Recognition

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation is discharged, cancelled or expires.

Measurement and classification

All financial instruments, including all derivatives, are measured at fair value or amortized cost upon initial recognition and are classified into one of the following three categories: financial assets and liabilities at amortized cost, fair value through profit or loss (“FVTPL”), and fair value through other comprehensive income (“FVTOCI”). The Company does not have any instruments classified as fair value through other comprehensive income.

Financial assets at amortized cost

A financial asset is classified in this category if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments from principal and interest on the principal amount outstanding. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment are recognized in the statement of income or loss. Any gain or loss on derecognition is recognized in the statement of income or loss.

The Company’s financial assets at amortized cost are comprised of cash, restricted cash, trade and other receivables, deposits, and loans receivable.

Financial assets at fair value through profit or loss

A financial asset is classified in this category if it does not meet the requirements of amortized cost, including derivative assets. Financial instruments in this category are recognized initially and subsequently at fair value. Net gains and losses, including any interest or dividend income, are recognized in the statement of income or loss.

Financial liabilities at amortized cost

Financial liabilities include trade payables, shareholder loans, and loans and borrowings are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Impairment of financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimate future cash flows of the financial asset have occurred. For trade receivables the Company applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the financial assets.

3. Critical accounting estimates and judgements

The Company has made estimates, assumptions and judgements regarding certain assets, liabilities, revenues and expenses in the preparation of the consolidated financial statements, primarily related to unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, actual results may differ from estimated amounts. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment indicators

At the end of each reporting period, management makes a judgment whether there are any indications of impairment of its PP&E at the lowest level at which there are separately identifiable cash flows. If there are indications of impairment, NU E performs an impairment test on the asset or CGU.

Share-based payment transactions

The fair value of the employee share options are measured using the Black-Scholes model. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility, expected term of the instrument, expected dividends, and the risk- free interest rate. Determining the Company’s share price requires significant judgement as the Company is not publicly listed and does not have an active secondary market listing the price of share transactions. Assumptions regarding employee turnover, and related forfeitures, are also considered in determining fair value.

Income taxes

The Company recognizes the net future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are dependent on generating taxable income in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded, if any, could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain estimated tax deductions in future periods.

4. Reverse takeover

Reverse takeover of Vinza Capital Management Inc.

On October 16, 2023, the company completed the acquisition of all the outstanding common shares and share purchase warrants of Vinza. The asset acquisition of Vinza resulted in the issuance of 14,374,170 common shares and 6,000,000 share purchase warrants (see note 15). The transaction was accounted for under IFRS 2, *Share Based Payment*, resulting the excess of the fair value of the shares and warrants issued in the transaction over the fair value of the identifiable assets and liabilities of $6,436,937 being recorded as transaction costs.

Vinza was a non-publicly listed reporting issuer with no active operations.

The following provides a summary of the fair value of the assets and liabilities acquired relating to this transaction:

Cash	63,131
Accounts payable and accrued liabilities	(47,883)
	15,248

5. Discontinued operations

Disposition of Helix

On July 1, 2022, the Company sold its Helix Electronics segment (“Helix”) for a note receivable consisting of 28 monthly payments of $4,643, totalling $130,000. The note receivable was initially recognized at $115,020, based on the expected monthly cash flows discounted at 8.9%.

The comparative consolidated statements of loss have been restated to present the discontinued operation separately from continuing operations for the periods presented.

Helix was a company engaged in the assembly of industrial electrical equipment in Western Canada. The Company recognized the sale of Helix as a business disposal.

The following provides a summary of the effect the disposal had on the Company’s financial position.

Cash	41,147
Trade and other receivables	29,714
Inventory	143,082
Lease assets	79,219
Plant, property and equipment	12,877
Accounts payable and accrued liabilities	(112,085)
Lease liability	(78,934)
	115,020
Consideration received, note receivable	115,020

Discontinued operations included the following revenue and expenses that were reclassified from continuing operations for the periods presented.

Year ended December 31,	2023	2022
Revenue	-	234,557
Expenses:		
Cost of goods sold	-	271,527
Operating	-	79,402
General and administrative	-	199,116
Depreciation and amortization	-	23,594
Impairment of assets	-	35,064
Finance costs	-	2,208
	-	610,911
Net loss for the period	-	(376,354)

Cash flows used in discontinued operations.

Year ended December 31,	2023	2022
Net cash used in operating activities	-	(297,388)
Net cash used in financing activities	-	(25,191)
Net cash used in investing activities	-	(1,062)
	-	(323,641)

6. Trade and other receivables

	December 31, 2023	December 31, 2022
Trade receivables	146,088	51,372
Other receivables	15,771	-
	161,859	51,372

7. Prepaids and deposits

	December 31, 2023	December 31, 2022
Prepaids	28,002	-
Security deposit	6,009	6,009
	34,011	6,009

At December 31, 2023, prepaids and deposits consisted of insurance premiums paid in advance and a security deposit for the Company’s head office.

8. Loans receivable

	Total
At December 31, 2021	-
Addition	115,020
Payments of principal	(18,084)
At December 31, 2022	96,936
Addition	425,145
Payments of principal	(299,284)
At December 31, 2023	222,797

On May 29, 2023, the Company received a $425,145 promissory note as part of the formation of the LC NU-Energy joint venture, see note 1. The promissory note has an interest rate of 7.5% plus SONIA (Sterling Overnight Index Average), which is accrued monthly until settled. Payment of principal and interest are received if there is excess cash after the LC NU-Energy joint venture sells a ready-to-build development project. In 2023, the Company recognized $28,314 of interest revenue related to the promissory note in finance (income) expense, net. At December 31, 2023, $176,814 of principal remained outstanding on the promissory note.

On August 1, 2022, the Company provided the purchaser of Helix a payment plan requiring $4,643 to be paid monthly for 28 months, commencing September 1, 2022, see note 5. The original payment stream was valued at $115,020 based on an interest rate of 8.9% and the undiscounted amount was $130,000. In 2023, the Company recognized $4,762 (2022 - $487) of interest income related to the payment plan in finance (income) expense, net. At December 31, 2023, $45,983 (2022 - $96,936) of principal remained outstanding on the payment plan.

	December 31, 2023	December 31, 2022
Loans receivable	222,797	96,936
Less: current portion	45,983	50,953
	176,814	45,983

9. Investments

	Low Carbon NU-Energy Corp.	Lethbridge One Solar Corp.	Total
At December 31, 2022	-	-	-
Equity investment (1)	50	143,750	143,800
Loss from equity investment	(50)	(6,241)	(6,291)
At December 31, 2023	-	137,509	137,509

(1) The Company purchased LOSC for $225,000, which was reduced by $81,250 due the Lethbridge One land sale being a related party transaction, see note 22. The $81,250 is the NU E ownership in LOSC of 25%, multiplied by the difference of the selling price over the cost basis for the Lethbridge One land sale.

On June 7, 2023, the Company sold 50% of its 100% interest in LC NU-Energy to establish a joint venture with Low Carbon, see note 1. NU E and Low Carbon each own 50% of the voting common shares of LC NU-Energy and exercise joint control. Additionally, at December 31, 2023, Low Carbon owns 100% of the non-voting non-cumulative redeemable preferred shares of LC NU-Energy, which had a fixed redemption value of $457,742. The preferred shares may be redeemed in accordance with cash availability upon future developments reaching the ready-to-build stage. The Company accounts for its 50% interest in the joint venture using the equity method.

The disposition of the 50% interest in LC NU-Energy resulted in the derecognition of capitalized development costs of $1,443,490 (see note 12) and the recognition of the 50% equity interest at its estimated fair value of $50. The redemption value of the preferred shares issued to Low Carbon in this transaction approximated the fair value of the underlying net assets of the joint venture.

At December 31, 2023, the joint venture had the following balances of assets, liabilities, and preferred shares, gross and net interest of NU E.

	LC NU-Energy Corp.
Current assets	106,092
Non-current assets	1,775,718
	1,881,810
Current liabilities	1,460,266
Preferred shares	457,742

On a gross basis the current assets of the LC NU-Energy include of $57,772 of cash and $48,320 of trade receivables. The non-current assets consist of capitalized development costs. On a gross basis the current liabilities include of $996,638 of revolving loans from Low Carbon for project funding, $187,990 in loans payable to NU E, and $249,734 in trade payables.

LC NU-Energy incurred a loss of $37,221 net to the Company for the period from formation on June 7, 2023 to December 31, 2023. The Company only recognized $50 of this loss due to the investment balance being $nil. The Company has no obligation to fund its proportionate share of losses from the joint venture.

LC NU-Energy owned 100% of LOSC, which held the ready-to-build Lethbridge One solar project. On December 11, 2023, LC NU-Energy sold all its common shares and preferred shares of LOSC to NU E and Low Carbon on a 25% and 75% basis, respectively, for a total of $900,000. As a result of the transaction the LC NU-Energy joint venture recognized a gain of $76,387 gross on the disposal, of which the net amount to the Company is included in the net loss of $37,221.

On December 22, 2023, the Company sold its Lethbridge One land to LOSC for $1,600,000, resulting in a gain of $243,750.

The Lethbridge One project commenced construction on its solar power development in late December 2023.

At December 31, 2023, the LOSC investment had the following balances of assets, liabilities, and preferred shares, gross.

	Lethbridge One Solar Corp.
Current assets	2,610,699
Non-current assets	4,632,204
	7,242,903
Current liabilities	6,448,512
Preference shares	823,613

The current assets of the LOSC primarily consists of cash and the non-current assets are capitalized development costs. The current liabilities primarily consist of revolving loans to fund the development and construction of the Lethbridge One solar project until completion. At December 31, 2023, the preference shares of LOSC are non-voting non-cumulative and redeemable at a fixed redemption value of $823,613 gross ($205,903 net) upon excess cash availability from operations.

LOSC incurred a loss of $6,241 net to the Company for the period from formation on June 7, 2023, to December 31, 2023. The Company has no obligation to fund its proportionate share of losses from the joint venture.

10. Leases

Right-of-use assets

	Total
At December 31, 2021	261,509
Addition	50,249
Disposal (1)	(79,219)
Depreciation (2)	(83,429)
At December 31, 2022	149,110
Depreciation	(69,447)
At December 31, 2023	79,663

(1) Helix office lease that was disposed on July 1, 2022.

(2) Includes $22,006 of depreciation related to Helix that was recorded in discontinued operations.

At December 31, 2023, the Company had an office lease and vehicle leases.

Lease liabilities

	December 31, 2023	December 31, 2022
Lease liabilities	76,538	136,020
Less: current portion	51,280	59,744
	25,258	76,276

The lease liabilities consist of the vehicle leases and office leases described above.

Total lease cash outflows are provided below:

Year ended December 31,	2023	2022
Total cash outflows for leases (1)	72,864	91,932

(1) Includes $28,800 of cash outflows for Helix for the year ended December 31, 2022.

11. Property, plant and equipment

	Property	Plant and equipment	Total
Cost			
At December 31, 2021	1,275,000	119,333	1,394,333
Additions	-	4,926	4,926
Disposal (1)	-	(16,278)	(16,278)
At December 31, 2022	1,275,000	107,981	1,382,981
Additions	-	4,867	4,867
Disposals (2)	(1,275,000)	-	(1,275,000)
At December 31, 2023	-	112,848	112,848
Accumulated depreciation			
At December 31, 2021	-	7,843	7,843
Depreciation (3)	-	22,511	22,511
Disposal (1)	-	(3,401)	(3,401)
At December 31, 2022	-	26,953	26,953
Depreciation	-	18,213	18,213
At December 31, 2023	-	45,166	45,166
Net book value			
At December 31, 2022	1,275,000	81,028	1,356,028
At December 31, 2023	-	67,682	67,682

(1) Includes equipment from the disposal of the Helix, see note 5.
(2) Includes $1,589 of depreciation related to discontinued operations.

Sale of land

Prior to December 22, 2023, the Company owned 100% of the land related to the Lethbridge One project. On December 22, 2023, the Company sold this land to LOSC, as associated company (see note 9), for cash proceeds of $1,600,000, resulting in a gain of $243,750.

12. Development costs

	Total
At December 31, 2021	67,801
Additions	877,475
At December 31, 2022	945,276
Additions	498,214
Disposals	(1,443,490)
At December 31, 2023	-

During the year ended December 31, 2023, the Company capitalized $498,214 of development costs (2022 - $877,475). The capitalized development costs recognized during the year ended December 31, 2023, included $17,082 of capitalized interest related to the Lethbridge One solar power generation project (2022 - $41,430).

Sale of development assets

On June 7, 2023, the Company sold 50% of its interest in LC NU-Energy, a subsidiary of the Company that held its rights to the Company's solar projects in development, see note 1.

The following table provides a summary of the loss incurred on this transaction.

Assets disposed:	
Development assets	1,443,490
Working capital	(50)
	1,443,440
Consideration received:	
Cash	1,089,352
Promissory note	425,145
Finder's fee	(91,203)
	1,423,294
Loss on sale of assets	20,146

13. Accounts payable and accrued liabilities

	December 31, 2023	December 31, 2022
Accounts payable [(1)]	376,373	204,308
Accrued liabilities	157,743	69,716
	534,116	274,024

(1) At December 31, 2023, accounts payable includes finders' fees of $91,203 related to the agreements with Low Carbon.

14. Loans and borrowings

	December 31, 2023	December 31, 2022
Collateral mortgage	-	905,098
Convertible debenture	300,000	-
	300,000	905,098
Current portion of loans and borrowings	(300,000)	(48,180)
Non-current loans and borrowings	-	856,918

Convertible Debenture

On October 17, 2023, the Company closed the issuance of a $300,000 convertible debenture ("Debenture"). The Debenture has an interest rate of 10% and the maturity date was the earlier of January 24, 2024 and the date the Company lists its common shares for trading on a recognized Canadian securities exchange ("Conversion Date"). On the Conversion Date, the principal and accrued interest of the Debenture is converted into common shares of the Company at a conversion price of $1.00 per common share. The convertible feature of the debenture was valued at $nil at the date of issuance and therefore no amount has been reflected as equity on the statement of financial position.

Subsequent to December 31, 2023, the holder of the Debenture extended the Conversion Date to July 24, 2024, and the Company issued 30,000 common shares as a fee for the extension.

Collateral Mortgage

On November 12, 2021, the Company entered into a five-year $956,250 collateral mortgage with a fixed interest rate of 4.46% to finance the purchase of Lethbridge One land. The collateral mortgage required monthly payments of $7,297 and would have matured on November 12, 2026. The company repaid the collateral mortgage in December 2023, with the Lethbridge One land sale proceeds (see note 11) and incurred approximately $55,000 in early retirement fees that have been included in finance (income) expense, net.

15. Share capital

Authorized

The Company has authorized an unlimited number of common shares to be issued without par value.

Preferred shares are issuable in series with the number of shares and the designation, rights, privileges, restrictions, and conditions attached to the shares to be determined by the Board of Directors prior to issuance. No preferred shares had been issued as of December 31, 2023.

Common shares

	Number of common shares	Amount
At December 31, 2021, issued	33,550,110	1,345,976
Common shares subscribed (1)	2,000,000	97,121
At December 31, 2021, issued and subscribed	35,550,110	1,443,097
Issued during private placement $0.10	2,950,000	276,878
Issued during private placement $0.25	5,064,000	1,266,000
Issued during private placement $0.50	3,250,000	1,625,000
Cancellation of common shares	(100,000)	(9,719)
Share issue costs, net	-	(23,244)
At December 31, 2022, issued	46,714,110	4,578,012
Repurchase and cancellation of common shares (2)	(1,000,000)	(104,200)
Issuance of shares for services	300,000	150,000
Issued during acquisition of Vinza	14,374,170	5,462,185
At December 31, 2023, issued	60,388,280	10,085,997

(1) There were 2,000,000 common shares subscribed at December 31, 2021, that were issued in January 2022 upon receipt of the remaining funds.

(2) On April 15, 2023, the Company purchased 1,000,000 common shares from existing shareholders at $0.20 per common share for total cash of $200,000. The common shares were immediately cancelled subsequent to acquisition.

During year ended December 31, 2023, the Company issued 300,000 common shares to a consultant for services rendered. The value of service was $150,000 and was recorded in general and administrative expense.

On October 16, 2023, the Company completed the Transaction with of Vinza (see note 1), which included the issuance of 10,874,170 common shares on a one for one basis and a finders' fee of 3,500,000 common shares. The common shares issued were recorded at their estimated fair value of $0.38 per common share. The fair value of the consideration paid of $5,462,185 was recorded in share capital with the offset of $5,449,834 recognized as an RTO expense in the consolidated statement of loss and comprehensive loss. The reverse takeover expense recognized in the consolidated statement of loss was the difference of the common share proceeds and the prorated allocation of the fair value of assets received.

On October 31, 2022, the Company completed a multiple close private placement, issuing 3,250,000 common shares for $0.50. Share issue costs of $11,627 were recognized on the issuances.

On May 17, 2022, the Company raised funds through a private placement, issuing 5,064,000 common shares for $0.25. Share issue costs of $9,119 were recognized on the issuance.

On March 9, 2022, the Company raised funds through a private placement, issuing 2,850,000 units comprised of one common share and one-half common share purchase warrant for $0.10. Each full warrant gives the holder the right to purchase an additional common share at $0.25. The warrants expire four years after issuance on March 9, 2026. Share issue costs of $2,498 were recognized on the issuance.

Warrants

	Average exercise price	Number of warrants	Amount
At December 31, 2021, issued	0.23	6,425,000	39,490
Warrants subscribed [(1)]	0.15	1,000,000	2,879
At December 31, 2021, issued and subscribed	0.22	7,425,000	42,369
Issued during private placements	0.25	1,425,000	8,122
At December 31, 2022 and December 31, 2023, issued	0.23	8,850,000	50,491
Issued during acquisition of Vinza	0.45	6,000,000	990,000
At December 31, 2023, issued	0.32	14,850,000	1,040,491

(1) There were 1,000,000 warrants subscribed at December 31, 2021, that were issued in January 2022 upon receipt of the remaining subscription receivable.

On October 16, 2023, the Company completed an RTO of Vinza (see note 1), which included the issuance of 3,000,000 warrants to purchase common shares at $0.30 and 3,000,000 warrants to purchase common shares at $0.60, that expire on December 13, 2024. The warrants issued were recorded at their estimated fair value of an average of $0.17 per warrant. The $0.17 average price per warrant was determined based on the Black Scholes model using a risk-free rate of 5.1%, expected life of 1.2 years and expected volatility of 55%. The fair value of the consideration paid of $990,000 was recorded in share capital with the offset of $987,103 recognized as an RTO expense in the consolidated statement of loss and comprehensive loss. The reverse takeover expense recognized in the consolidated statement of loss was the difference of the warrant proceeds and the prorated allocation of the fair value of assets received.

Share-based payments

The Company has a long-term incentive plan “Option Plan” to provide common share purchase options to certain employees, consultants and directors, to purchase common shares.

	Weighted average exercise price	Number of Options
As at, December 31, 2021	-	-
Granted	0.25	3,750,000
As at, December 31, 2022	0.25	3,750,000
Granted	0.50	2,933,334
Forfeited	0.50	(750,000)
As at, December 31, 2023	0.34	5,933,334

On November 14, 2023, the Company granted 1,766,667 common share purchase options at an exercise price of $0.50 per share. The options granted vest equally in three tranches, with the first tranche vesting immediately, the second tranche on November 14, 2024 and the third tranche on November 14, 2025

On August 10, 2023, the Company granted 166,667 common share purchase options at an exercise price of $0.50 per share. The options granted vest equally in three tranches, with the first tranche vesting immediately, the second tranche on August 10, 2024 and the third tranche on August 10, 2025

On June 15, 2023, the Company granted 1,000,000 common share purchase options at an exercise price of $0.50 per share. The options granted vest equally in three tranches, with the first tranche vesting immediately, the second tranche on June 15, 2024 and the third tranche on June 15, 2025.

On August 17, 2022, the Company granted 3,750,000 common share purchase options to employees and directors of the Company. The options granted vest equally in three tranches, with the first tranche vesting immediately, the second tranche on August 17, 2023 and the third tranche on August 17, 2024.

During the year ended December 31, 2023, 750,000 options were forfeited.

The following assumptions were used to estimate the fair value of the options issued to grantees during 2023 and 2023.

Year ended December 31,	2023	2022
Risk free interest rate	3.3% to 3.7%	2.85%
Expected life	10 years	10 years
Expected volatility	43%	35%
Fair value of option	$0.20 to $0.30	$0.13

During the year ended December 31, 2023, the Company recognized a share-based compensation expense of $459,197 (2022 – $244,557)

At December 31, 2023, the Company had 5,933,334 options outstanding with an average remaining life of 9.1 years and weighted average exercise price of $0.34.

Net loss per share

The net loss and weighted average number of common shares used in the calculation of basic and diluted net loss per share are as follows.

Year ended December 31,	2023	2022
Net loss from continuing operations	(8,945,338)	(1,458,183)
Net loss from discontinued operations	-	(376,354)
Net loss attributable to shareholders	(8,945,338)	(1,834,537)
Weighted average number of common shares [(1)]	49,083,526	42,158,571
Basic and diluted, net loss per share from continuing operations	(0.18)	(0.03)
Basic and diluted, net loss per share from discontinued operations	-	(0.01)
Basic and diluted, net loss per share	(0.18)	(0.04)

(1) The effect of any potential exercise of warrants and stock options is excluded from the calculation of diluted loss per share for the periods presented, as the effect would be anti-dilutive.

16. Revenue

On June 7, 2023, the Company commenced recognizing revenues in accordance with the Development Services agreement between NU E, Low Carbon and LC NU-Energy. The transaction price for the services provided is determined based on consulting costs incurred plus an administrative charge. From June 7, 2023, to December 31, 2023, the Company earned $401,364, which has been recognized as revenue in the statement of income.

During the years ended December 31, 2023 and 2022, the Company did not have revenue in addition to the Development Services agreement described above, except for the revenue included in discontinued operations. The revenue from discontinued operations commenced on September 1, 2021, as part of the Helix acquisition and ceased on July 1, 2022, when Helix was disposed (see note 5).

17. General and administrative

Year ended December 31,	2023	2022
Salaries and benefits	203,461	146,125
Consultants [(1)]	1,427,021	540,888
Administrative expenses	224,737	180,710
Professional fees	670,101	179,201
Property taxes and insurance	44,544	33,976
	2,569,864	1,080,900

(1) During the year ended December 31, 2023, consultants included $776,690 (2022 – $442,405) of management fees paid to executives of the Company, see note 22.

18. Income taxes

The reconciliation of income tax expense, calculated using the statutory income tax rates prevailing in Canada, with the income tax expense reported in the financial statements is as follows:

Year ended December 31,	2023	2022
Net loss before income taxes and discontinued operations	(8,969,948)	(1,458,183)
Combined basic Canadian and provincial income tax rate	23.0%	23.0%
Income tax recovery at the statutory rate	(2,063,088)	(335,382)
Increase (decrease) in income taxes arising from the following:		
Non-deductible (non-taxable) items	1,563,811	58,942
Change in unrecognized deferred tax assets	518,267	324,477
Differences in statutory rate	(43,600)	(48,037)
Effective income tax recovery before discontinued operations	(24,610)	-

Under IFRS, deferred income tax assets may only be recognized to the extent that it is probable that future taxable profits will be available against which the unused tax losses and deductible temporary differences can be utilized. Accordingly, the Company has not recognized a total deferred income tax asset of approximately $897,497 at December 31, 2023 (December 31, 2022 - $411,145).

The changes in deferred taxes by nature are as follows:

	December 31, 2022	Recognized through net profit/(loss)	December 31, 2023
Lease assets	(34,295)	15,973	(18,322)
Plant, property and equipment and development costs	(10,186)	17,189	7,003
Lease liabilities	31,285	(19,966)	11,319
Non-capital losses	13,196	(13,196)	-
	-	-	-

	December 31, 2021	Recognized through net profit/(loss)	December 31, 2022
Lease assets	(36,865)	2,570	(34,295)
Plant, property and equipment and development costs	(4,299)	(5,887)	(10,186)
Lease liabilities	33,770	(2,485)	31,285
Non-capital losses	7,394	5,802	13,196
	-	-	-

The components of the Company's unrecognized deductible temporary differences are as follows.

	December 31, 2023	December 31, 2022
Share issuance costs	19,976	27,639
Non-capital losses	3,854,865	1,553,499
Capital losses	-	206,448
Lease liabilities	27,325	-

The balance of the Company's non-capital losses will begin to expire in the year 2040.

19. Finance expense (income), net

Year ended December 31,	2023	2022
Interest on collateral mortgage (1) (2)	93,286	41,430
Interest on term loan	-	417
Interest on lease liabilities	12,353	12,857
Bank fees and other	2,552	5,752
Interest revenue	(36,607)	(695)
Interest reimbursement (2)	(19,484)	-
Capitalized interest (3)	(17,082)	(41,430)
	35,018	18,331

(1) For 2023, the Company included the mortgage break fee of $55,330.
(2) The Company was reimbursed the interest it paid on its land mortgage from June 7, 2023, to December 22, 2023.
(3) The Company capitalized the interest on its collateral mortgage to development costs up to June 7, 2023, and expensed interest costs after that date, see notes 12 and 14.

20. Financial instruments

Fair values

The Company classifies and measures its cash, restricted cash, trade and other receivables, prepaids and deposits, trade and other payables, shareholder loans at amortized cost and their fair values are not materially different from their carrying amounts due to their short-term nature.

Fair value hierarchy

FRS 13, Fair value measurement, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of fair value hierarchy are as follows:

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 (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs that are not based on observable market data.

Financial assets valued at amortized cost are cash, restricted cash, trade and other receivables, deposits, and loans receivable. The Company has no financial assets valued at FVTPL or FVTOCI.

The Company's financial liabilities measured at amortized costs are accounts payables and accrued liabilities, shareholders loans, and loans and borrowings.

The Company has exposure to credit, foreign exchange, liquidity, and interest rate risk as follows:

Credit risk

Credit risk is the risk of that a counterparty to a financial asset will default, resulting in the Company incurring a financial loss. The Company is exposed to credit risk on its cash and accounts receivable to a maximum of the varying value of the items at the reporting date.

The Company mitigates its exposure to credit risk by maintaining its bank accounts with major Canadian financial institutions with strong investment-grade ratings by a primary ratings agency.

Accounts receivable is comprised of the following:

	December 31, 2023	December 31, 2022
Trade receivables	146,088	51,372
Allowance for doubtful accounts	-	-
Net trade receivable	146,088	51,372
Other receivables	15,771	-
	161,859	51,372

An analysis of the age of trade and other receivables at December 31, 2023 is as follows:

Outstanding	Trade and other receivables
Less than 30 days	102,893
30 days to 90 days	58,766
Greater than 90 days	200
	161,859

Foreign exchange risk

The Company incurs certain operating expenses and capital expenditures in U.S. dollars. Accordingly, the fluctuations in the exchange rate between the U.S. and Canadian dollar can impact the Company's reported results.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial obligations.

The Company's monitors its ability to meet its short-term operating expenditures by raising additional funds through share issuances when required. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market or other alternative forms of financing is hindered, whether as a result of a downturn in stock market conditions generated or related to matters specific to the Company (see note 1).

The following summarizes the Company's contract maturities for financial instrument liabilities at December 31, 2023.

	Less than 1 year	1 to less than 3 years	3 to less than 5 years	Thereafter	Total
Accounts payable and accrued liabilities	534,116	-	-	-	534,116
Loans and borrowings	300,000	-	-	-	300,000
Leases	51,280	25,258	-	-	76,538
	885,396	25,258	-	-	910,654

21. Capital management

The Company defines its capital as follows:

- shareholders' equity, comprising of issued common shares, reserves and deficit;
- long term loans and borrowings; and
- short term loans and borrowings

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the funding of its marketing and operational plans and any joint venture and project commitments extending beyond one year. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements.

22. Related party transactions

Transactions with key management personnel

Transactions with key management personnel were in the normal course of operations and were valued in these consolidated financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The Company had the following (payable) receivable balances with related parties.

	December 31, 2023	December 31, 2022
Executives (1)	(33,002)	(54,109)
Non-executive director	-	3,000
	(33,002)	(51,109)

(1) At December 31, 2023, the balances include management and consulting fees payable to executives. At December 31, 2022, balances include shareholder loans from the CEO and management and consulting fees payable to executives.

Year ended December 31,	2023	2022
Wages and benefits	152,800	92,045
Management and consulting fees (1)	776,690	442,405
Share-based compensation (2)	312,865	244,557
	1,242,355	779,007

(1) Management and consulting fees are paid to companies owned by executives of the Company providing management and consulting services.

(2) Share-based compensation relates to the Company's Option Plan to purchase common shares, see note 15. No share purchase options were exercised as at the date of this report.

Transactions with joint venture

The Company has joint control over LC NU-Energy (see note 9) and considers the joint venture to be a related party. Transactions with LC NU-Energy include $401,364 of revenue from a contract (see note 16). The Company was also reimbursed for costs incurred on behalf of the joint venture of $8,622 and interest of $19,484, which are recognized net in general and administrative and finance expense respectively. At December 31, 2023, accounts receivable included $118,994 from LC NU-Energy. All outstanding balances with LC NU-Energy are recognized at the exchange amount and are to be settled in cash within one month of the reporting date. None of the balances is secured. No expense has been recognised in the current year or prior year for credit losses in respect of amounts owed by LC NU-Energy.

Transactions with associate

The Company has significant influence over LOSC (see note 9) and classifies its ownership interest as an investment in an associate and is a related party. Transactions with LOSC during 2023 were limited to the sale of the Lethbridge land for $1,600,000 (see note 11).

23. Supplemental disclosure of cash flow information

Year ended December 31,	2023	2022
Changes in non-cash working capital:		
Accounts and other receivables	(110,487)	148,050
Prepaids and deposits	(28,002)	16,067
Inventory	-	(11,049)
Accounts payable and accrued liabilities	212,209	82,929
Net changes in non-cash working capital	73,720	235,997
Relating to:		
Operating activities	(12,050)	218,986
Financing activities	138,445	648
Investing activities	(52,675)	16,363
	73,720	235,997