PLASCRED CIRCULAR INNOVATIONS INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of PlasCred Circular Innovations Inc.:

Opinion

We have audited the consolidated financial statements of PlasCred Circular Innovations Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and December 31, 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' (deficit) equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and December 31, 2023, 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 audits 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 Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated 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 2(b) in the consolidated financial statements, which indicates that the Company incurred a net loss and comprehensive loss during the year ended December 31, 2024 and utilized cash in operating activities and, as of that date, the Company had an excess of current liabilities over current assets and an accumulated deficit. As stated in Note 2(b), these events or conditions, along with other matters as set forth in Note 2(b), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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

Other Information

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

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

MNP LLP

Calgary, Alberta

May 14, 2025

Chartered Professional Accountants

MNP

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

	Notes	2024 $	2023 $
ASSETS			
Current assets			
Cash		28,162	539,220
Goods and Services Tax ("GST") receivable		40,450	160,982
Prepaids		-	2,056
Deposit	5	-	500,000
Share subscription receivable		-	6,837
		68,612	1,209,095
Plant and equipment including asset under construction	6	783,145	898,466
TOTAL ASSETS		**851,757**	**2,107,561**
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	7	1,374,511	819,453
Other payable	5	-	500,000
Note payable		-	1,294
Convertible promissory note	8	25,000	-
		1,399,511	1,320,747
SHAREHOLDERS' (DEFICIT) EQUITY			
Share capital	9	8,674,771	8,267,140
Warrants	9	-	1,734,659
Contributed surplus		4,609,328	1,550,922
Accumulated deficit		(13,831,853)	(10,765,907)
Total Shareholders' (Deficit) Equity		(547,754)	786,814
TOTAL LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY		**851,757**	**2,107,561**

Going concern – Note 2(b)
Subsequent events – Note 17

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 years ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

	Notes	2024 $	2023 $
Expenses			
Commitment fee		200,000	-
Consulting fees		466,750	471,325
Depreciation of plant and equipment	6	325,284	73,000
General and administration		143,105	156,283
Information technology		71,782	-
Interest on short-term loans	4	-	51,101
Professional fees		179,745	224,296
Regulatory fees		28,576	31,503
Research and development		128,769	160,977
Salaries and wages		244,960	244,453
Share based payments	9	1,322,847	1,550,922
Travel and business development		63,967	129,136
Loss from operating expenses before other items		**(3,175,785)**	**(3,092,996)**
Other items			
Gain on liabilities extinguished with equity	9	102,796	-
Interest income		7,043	-
Listing expense	4	-	(7,043,368)
		109,839	**(7,043,368)**
Net loss and comprehensive loss		**(3,065,946)**	**(10,136,364)**
Basic and diluted loss per share	11	**(0.05)**	**(0.22)**
Weighted average number of common shares outstanding – basic and diluted	11	**64,544,937**	**46,168,221**

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

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

	Notes	Share capital $	Warrants $	Contributed surplus $	Accumulated deficit $	Total $
Balance, December 31, 2022		10,000	-	-	(629,543)	(619,543)
Shares repurchased	9	(1,830)		-	-	(1,830)
Shares issued for outstanding shares and warrants of Cover Technologies Inc.	9	7,648,970	1,794,659	-	-	9,443,629
Finder common shares	9	450,000	-	-	-	450,000
Warrants exercised	9	160,000	(60,000)	-	-	100,000
Share-based compensation	9	-	-	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	9	30,000	(11,250)	-	-	18,750
Shares issued in private placement	9	49,373	-	-	-	49,373
Share issue cost	9	(25,937)	-	12,150	-	(13,787)
Share-based compensation	9	-	-	1,322,847	-	1,322,847
Shares issued to settle liabilities	9	154,195	-	-	-	154,195
Shares issued for commitment fee	9	200,000	-	-	-	200,000
Transfer upon expiry of warrants	9	-	(1,723,409)	1,723,409	-	-
Net loss and comprehensive loss		-	-	-	(3,065,946)	(3,065,946)
Balance, December 31, 2024		**8,674,771**	**-**	**4,609,328**	**(13,831,853)**	**(547,754)**

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

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

	Notes	2024 $	2023 $
Operating activities			
Net loss		(3,065,946)	(10,136,364)
Adjustments for:			
Commitment fees	9	200,000	-
Depreciation	6	325,284	73,000
Gain on liabilities extinguished with equity		(102,796)	
Interest expense	4	-	84,967
Listing expense – non-cash	4	-	6,692,368
Share-based payments	9	1,322,847	1,550,922
		(1,320,611)	(1,735,107)
Changes in non-cash working capital	12	745,622	249,682
Net cash used in operating activities		**(574,989)**	**(1,485,425)**
Investing activities			
Additions to plant and equipment including asset under construction	6	(209,963)	(637,826)
Changes in non-cash working capital	12	195,852	-
Net cash used in investing activities		**(14,111)**	**(637,826)**
Financing activities			
Cash acquired from reverse take over	4	-	942,381
Proceeds from private placement	9	49,373	-
Proceeds from warrant exercises	9	18,750	100,000
Receipt of convertible promissory note	8	25,000	-
Receipt of short-term loan	4	-	1,500,000
Repayment of note payable		(1,294)	-
Share issue cost	9	(13,787)	-
Share subscription receivable		-	1,333
Net cash from financing activities		**78,042**	**2,543,714**
(Decrease) increase in cash		**(511,058)**	**420,463**
Cash, beginning of the year		539,220	118,757
Cash, end of the year		**28,162**	**539,220**

1. REPORTING ENTITY

PlasCred Circular Innovations Inc. (the "Company") (formerly Cover Technologies Inc.) was incorporated on June 18, 2007 in British Columbia, Canada

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".

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.

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

The Company was formed through the series of transactions outlined below.

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 Technologies Inc. ("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. 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.

On August 3, 2023, concurrently with the transaction below, Cover changed its legal name to PlasCred Circular Innovations Inc.

2. BASIS OF PRESENTATION

(a) Statement of Compliance

These consolidated financial statements have been prepared in compliance with IFRS® Accounting 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 14, 2025.

(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 year ended December 31, 2024, the Company incurred a net loss and comprehensive loss of $3,065,946 and utilized cash totaling $574,989 in operating activities. As at December 31, 2024, the Company had an accumulated deficit of $13,831,853 and an excess of current liabilities over current assets of $1,330,899.

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 capital 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 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 dollars, 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 the 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.

(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%	100%
Mag One Operations Inc. (Mag One Canada)*	Canada	-	-

* Mag One Canada had no transactions and was inactive. The entity was disposed on June 8, 2023 prior to the closing of reverse takeover transaction 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

<u>Financial assets at amortized cost</u>

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, deposit and share subscription receivable 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, other payable, note payable and promissory note 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) Compound financial instruments - Convertible promissory note

Compound financial instruments issued by the Company comprises its unsecured convertible promissory notes that can be converted to commons shares at the option of the holder.

The initial carrying amount of the convertible promissory note is allocated to its equity and liability components. The equity component, which reflects the investor's conversion option, is assigned the residual amount after deducting, from the fair value of the instrument as a whole, the amount separately determined for the liability component. The sum of the carrying amounts assigned to the liability and equity components on initial recognition is always equal to the fair value that would be ascribed to the financial instrument as a whole.

(d) Cash

Cash comprised of cash held at the Company's bank account.

(e) 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.

(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 i.e. Cash Generating Unit (“CGU”). 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 the 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) New accounting standards issued but not yet effective

The following new and revised accounting standards and pronouncements that are applicable to the Company but are not yet effective and not implemented in these financial statements:

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

In May 2024, the International Accounting Standards Board (IASB) issued narrow scope amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*. The amendments were incorporated into Part I of the CPA Canada Handbook – Accounting in October 2024. The amendments:

- Provide clarification that a financial liability is derecognized on the ‘settlement date’, i.e., the date on which the liability is extinguished as the obligation specified in the contract is discharged or cancelled or expired;
- Provide an accounting policy option to derecognize a financial liability that is settled in cash using an electronic payment system before the settlement date if specified criteria are met. An entity that elects to apply this derecognition option shall apply it to all settlements made through the same electronic payment system;
- Clarify how to assess the contractual cash flow characteristics of financial assets with contingent features, including environmental, social and corporate governance (ESG) linked features;
- Clarify that, for a financial asset to have ‘non-recourse’ features, the entity’s ultimate right to receive cash flows must be contractually limited to the cash flows generated by specified assets. The amendments also include factors that an entity should consider when assessing the cash flows underlying a financial asset with non-recourse features (the ‘look through’ test);
- Clarify the characteristics of the contractually linked instruments that distinguish them from other transactions; and
- Add new disclosure requirements for investments in equity instruments designated at fair value through other comprehensive income and financial instruments that have certain contingent features.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The amendments are to be applied retrospectively. In applying the amendments, an entity is not required to restate comparative periods.

The Company is still assessing the impact of these amendments to its financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the International Accounting Standards Board (IASB) issued IFRS 18 Presentation and Disclosure in Financial Statements, which was incorporated into Part I of the CPA Canada Handbook – Accounting in September 2024.

IFRS 18 replaces IAS 1 Presentation of Financial Statements, and for all entities will:

- Introduce a new defined structure for the statement of profit and loss and require the classification of income and expenses in that statement into one of five categories: operating; investing; financing; income taxes; and discontinued operations. IFRS 18 introduces definitions of these categories for purposes of the statement of profit and loss. Specific categorization requirements will apply to entities whose 'main business activity' is to provide financing to customers or to invest in specified assets. Entities will also be required to present new subtotals for 'operating profit or loss' and 'profit or loss before financing and income taxes;
- Require disclosure of 'management-defined performance measures' (MPMs) in a single note to the financial statements. MPMs are subtotals of income and expenses that an entity uses in public communications outside of its financial statements, to communicate management's view of an aspect of the financial performance of the entity as a whole to users. Entities must disclose a reconciliation between the measure and the most directly comparable total or subtotal specifically required to be disclosed by IFRS® Accounting Standards or subtotal listed in IFRS 18;
- Enhance guidance about how to group information within the financial statements; and
- For the statement of cash flows, require that 'operating profit or loss' be used as the starting point for determining cash flows from operating activities under the indirect method, and remove the optionality around classification of cash flows from interest and dividends.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, including for interim financial statements. Earlier application is permitted. The new standard is to be applied retrospectively, and, in the year of adoption, a reconciliation is required between how the statement of profit or loss was presented in the comparative period under IAS 1 and how it is presented in the current year under IFRS 18.

The Company is still assessing the impact of these amendments to its financial statements.

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 is recorded as a listing expense.

(Expressed in Canadian Dollars)

The table below summarizes the estimates fair value of Cover's assets acquired and liabilities assumed as at August 3, 2023:

	Amount $
Net assets acquired:	
Cash	942,381
Short-term loans (i)	2,417,104
GST receivable	69,991
Prepaid	2,056
Deposit (Note 5)	500,000
Accounts payable	(228,977)
Note payable	(1,294)
Other payable (Note 5)	(500,000)
	3,201,261

Consideration paid:	
Common shares	
(fair value of 25,496,604 common shares (50,993,208 pre-consolidation) at $0.30 per share ($0.15 pre-consolidation))	7,648,970
Warrants	
(fair value of 12,000,00 warrants at $0.1496 per warrant)	1,794,659
	9,443,629
Less: Net assets acquired	(3,201,261)
Excess paid	6,242,368
Finder's fee – common shares issued	
(fair value of 1,500,000 common shares at $0.30 per share)	450,000
RTO transaction costs – non-cash	6,692,368
Other transaction costs	351,000
Listing expense	**7,043,368**

The excess of the consideration paid over the net assets acquired, together with finder's fees and other transaction costs, comprising legal fees and other costs associated with RTO, has been recognized within the profit or loss as listing expense totaling $7,043,368.

The Company utilized Black Scholes Options Pricing model to determine the fair value of 12,000,000 Cover warrants at $1,794,659 using the following inputs and assumptions: share price – $0.30 ($0.15 pre-consolidation), exercise price - $0.25, expected life of warrants – 1.28 years; expected volatility – 100%; expected dividend yield – 0%; and risk-free rate – 4.72%.

(i) Short-term loans

Cover provided short-term loans to PlasCred, carrying interest at 10% per annum. Upon closing of RTO on August 3, 2023, the short-term loans together with outstanding interest payable were acquired by PlasCred. During the year ended December 31, 2023, interest expense incurred prior to RTO totaled $84,967 of which $33,866 was capitalized as borrowing costs (Note 6) and $51,101 was recorded as interest expense in profit or loss.

(Expressed in Canadian Dollars)

After closing of RTO, these loans (principal of $801,000 and $1,500,000 received in fiscal 2022 and 2023 and accumulated interest of $116,104) represented inter-company balances, which are eliminated in these consolidated financial statements.

5. DEPOSIT AND OTHER LIABILITY

Pursuant to the terms of the Transaction, Cover arranged for a $500,000 cash deposit to be held in escrow through an Escrow Agent. These funds were held in escrow for a period of 12 months from the closing date (August 3, 2023) of the Transaction as security against any potential claims that may arise against the Company with respect of a certain contribution agreement originating in 2017 between Mag One Canada (a subsidiary company of Cover) 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).

Since no claims were made against the Company with respect to the aforementioned contribution agreement within the 12-month period after the Transaction, on August 3, 2024, the deposit was returned to the depositor and the related liability of $500,000 was derecognized.

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	11,833	198,130	-	209,963
Balance, December 31, 2024	977,173	198,130	6,126	1,181,429
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 year	(323,752)	-	(1,532)	(325,284)
Balance, December 31, 2024	(395,552)	-	(2,732)	(398,284)
Net book value:				
Balance, December 31, 2023	**893,540**	**-**	**4,926**	**898,466**
Balance, December 31, 2024	**581,621**	**198,130**	**3,394**	**783,145**

During the year ended December 31, 2023, the construction of its mixed plastic recycling demonstration plant was completed and achieved successful testing. Therefore, the plant was available for use. Accordingly, the Company reclassified it from asset under construction to demonstration plant and commenced depreciating it.

The asset under construction during the year ended December 31, 2024 relates principally to the Front-End Engineering Design (FEED) for its Neos and Maximus facilities.

(Expressed in Canadian Dollars)

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

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

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024 $	2023 $
Accounts payable:		
- third party	940,952	649,453
- related parties	80,396	-
Accrued liabilities - due to related parties (Note 10)	353,163	170,000
	1,374,511	**819,453**

8. CONVERTIBLE PROMISSORY NOTE

On December 20, 2024, the Company entered into a promissory note agreement with an arms-length individual and received $25,000. The promissory note is unsecured, carries interest at 5.45% per annum, calculated on the basis of a 30-day month, commencing February 28, 2025 (the “Convertible Promissory Note”).

The Convertible Promissory Note is payable on the earlier of: (a) June 30, 2025; and (b) the closing of private placement, which is defined as issuance and sale of units, on a non-brokered private placement basis, for gross proceeds of at least $1,000,000 (or such lesser amount as may be determined by the Company’s Board of Directors) (“Private Placement”).

If the closing of the Private Placement occurs, subject to obtaining necessary regulatory approval, the Convertible Promissory Note is convertible into the Company’s units (comprising one common share and one share purchase warrant of the Company) at a price at which units will be sold in the Private Placement.

On initial recognition, the Company determined the fair value of the debt host portion of the Convertible Promissory Note to be equal to $25,000 assigning $Nil to the equity component. The Convertible Promissory Note is subsequently measured at amortized cost.

Interest expense for the year ended December 31, 2024 was waived.

See note 17.

(Expressed in Canadian Dollars)

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 (i)	(1,830,000)	(1,830)	-	-
Cancellation of shares of PlasCred Inc.((ii) 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 ((ii) and Note 4)	35,000,000	-	-	-
Issued for finder's fee ((iii) and Note 4)	1,500,000	450,000	-	-
Warrants exercised (iv)	400,000	160,000	(400,000)	(60,000)
Balance, December 31, 2023	**62,396,604**	**8,267,140**	**11,600,000**	**1,734,659**
Shares issued in private placement (v)	739,120	49,373	-	-
Share issue cost (v)	-	(25,937)	-	-
Shares issued to settle liabilities (vi)	2,569,912	154,195	-	-
Shares issued for commitment fees (Note 10 (c))	5,000,000	200,000	-	-
Warrants exercised (vii)	75,000	30,000	(75,000)	(11,250)
Expired (viii)	-	-	(11,525,000)	-
Balance December 31, 2024	**70,780,636**	**8,674,771**	**-**	**1,723,409**

(i) During the year ended December 31, 2023, the Company repurchased 1,830,000 voting common shares for $1,830.

(ii) 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.

(iii) 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.

(iv) During the year ended December 31, 2023, 400,000 warrants were exercised at $0.25 for gross proceeds of $100,000, resulting into an issuance of 400,000 common shares. Upon the exercise of warrants, the Company transferred the related reserve recognized previously totaling $60,000 from warrants to share capital.

(v) On October 4, 2024, the Company issued 739,120 common shares at $0.0668 each through private placement for gross proceeds of $49,373. The Company incurred share issue cost totaling $25,937 comprising legal cost of $13,787 and issuance of Financing Warrants with fair value of $12,150 (Note 10(c)).

(vi) During the year ended December 31, 2024, the Company settled liabilities totaling $256,991 through issuance of its common shares with fair value of $154,195 and recorded a gain on liabilities settlement of $102,796 in profit or loss.

(Expressed in Canadian Dollars)

(vii) During the year ended December 31, 2024, 75,000 warrants were exercised at $0.25 for gross proceeds of $18,750, resulting into an issuance of 75,000 common shares. Upon the exercise of warrants, the Company transferred the related reserve recognized previously totaling $11,250 from warrants to share capital.

(viii) Warrants outstanding:

The following table summarizes warrants activity and balances outstanding as at December 31, 2024 and 2023:

	2024		**2023**	
	Number of warrants	**Weighted average exercise price $**	**Number of warrants**	**Weighted average exercise price $**
Balance, beginning of year	11,600,000	0.25	-	-
Assumed on RTO (Note 4)	-	-	12,000,000	0.25
Exercised (Note 10 (b)	(75,000)	0.25	(400,000)	0.25
Expired	(11,525,000)	0.25	-	-
Balance, end of year	**-**	**-**	**11,600,000**	**0.25**
Exercisable	**-**	**-**	**11,600,000**	**0.25**

On November 14, 2024, 11,525,000 warrants expired unexercised. The related warrants reserve totalling $1,723,409 was transferred to contributed surplus. There were Nil warrants outstanding as at December 31, 2024.

(ix) Shares held in escrow

35,000,000 common shares that were issued pursuant to RTO were placed in escrow are being released in tranches every 6 months, which commenced February 8, 2024. The remaining escrowed shares are being released as follows:

Escrow release date	**# of shares being released**
February 8, 2025	7,000,000
August 8, 2025	7,000,001
February 8, 2026	7,000,001
	22,000,002

(c) Equity financing arrangement

On April 26, 2024, the Company and a private investment group executed a Growth Equity Agreement, which was replaced by an Amended and Restated Growth Equity Agreement (“GEA") on June 21, 2024. Through the GEA, the Company would receive up to $10,000,000, which was dependant on the capital calls to be made by the Company. The GEA is for the period of 36 months and is subject to an extension by a further 12 months by written consent of the parties.

Pursuant to the GEA, on October 4, 2024, the Company paid a commitment fees to the private investment group by issuing 5,000,000 common shares, which had a fair value of $200,000. Since this commitment fee was payable regardless of whether any capital call notices are issued by the Company or subscription of share by the private investment group, the Company recorded the corresponding amount as an expense in profit or loss immediately.

(Expressed in Canadian Dollars)

Additionally, pursuant to the GEA, on October 4, 2024, the Company also issued 4,100,000 warrants ("Financing Warrants") with 36-month expiry at a price of 120% premium to the 20-day volume weighted average price ("VWAP") prior to the signing of GEA and it is also subject to further price adjustments 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 Financing Warrants, the exercise price of those Financing Warrants issued will be adjusted to a 110% premium to the previous 30-day VWAP. These Financing Warrants are performance warrants, and they vest on the basis of one-half of one Financing Warrant for every whole common share issued by the Company to the private investment group and each whole fully vested warrant shall be exercisable into one share.

The October 4, 2024, private placement in which the Company received gross proceeds of $49,373 (Note 9 (b) (v)) was facilitated by the private investment group, which resulted into 369,560 Financing Warrants vesting to them, expiring October 5, 2027. These Financing Warrants were measured at fair value of $12,150 recorded in contributed surplus with a corresponding debit recorded in common shares as share issue cost. The fair value of $12,150 was determined using the Black-Scholes Option Pricing Model with the following inputs and assumptions: share price – $0.04; exercise price – $0.0767; expected life – 3 years; volatility – 164.83%; dividend yield – $0; and risk-free rate – 2.96% per annum.

As at December 31 2024, Financing Warrants totaling 3,730,440 remain unvested and 369,560 Financing Warrants are exercisable. They have a remaining life of 2.25 years. As at December 31, 2024, the Company determined the likelihood of the 3,730,440 Financing Warrants vesting to be NIL. Accordingly, no expense has been recorded for these Financing Warrants.

	2024		2023	
	Number of Financing Warrants	**Weighted average exercise price $**	**Number of Financing Warrants**	**Weighted average exercise price $**
Balance, beginning of year	-	-	-	-
Issued	4,100,000	$0.0767 and variable	-	-
Balance, end of year	**4,100,000**	**$0.0767 and variable**	**-**	-
Exercisable	**369,560**	**$0.0767 and variable**	**-**	**-**

(d) Share options

The Company has an incentive stock option plan under which it is authorized to grant options to executive officers, directors, employees and consultants enabling them to acquire up to 10% of the then issued and outstanding common shares of the Company. 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 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.

(Expressed in Canadian Dollars)

During the second quarter of 2024, the directors, officers and consultants who received the above options voluntarily cancelled their options. In line with the requirements under IFRS 2, Share-based payments, the Company accounted for this cancellation by accelerating its vesting and recording share-based payment expense of $1,010,390 during the year ended December 31, 2024.

On December 2, 2024, the Company granted incentive share options to directors, officers and consultants to purchase an aggregate of 3,650,000 common shares at an exercise price of $0.05 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 $153,750. The options were measured using the Black-Scholes Option Pricing Model with the following inputs and assumptions: share price – $0.045; exercise price – $0.05; expected life – 5 years; volatility – 164.83%; dividend yield – $0; and risk-free rate – 2.94% per annum. As at December 31 2024, the Company recorded share-based compensation of $63,488 based on graded vesting method.

The following table summarizes the continuity of the Company's stock options activity.

	2024		**2023**	
	Number of options	**Weighted average exercise price $**	**Number of options**	**Weighted average exercise price $**
Balance, beginning of year	3,100,000	0.92	-	-
Cancelled	(3,100,000)	(0.92)	-	-
Granted	3,650,000	0.05	3,100,000	0.92
Balance, end of year	**3,650,000**	**0.05**	**3,100,000**	**0.92**
Exercisable	**1,216,667**	**0.05**	**1,033,333**	**0.92**

Weighted average remaining life of outstanding options as at December 31, 2024 is 4.90 (2023 – 4.77) years.

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

Number of share options	Exercise price	Expiry date
3,650,000	$0.05	December 2, 2029

As at December 31, 2023, the Company had the following share options outstanding:

Number of share options	Exercise price	Expiry date
3,100,0000*	$0.92	October 5, 2028

* - cancelled as noted above.

(Expressed in Canadian Dollars)

(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"). During the year, management revised the estimate of the timing of achievement of this condition to be June 30, 2026 (2023 – December 31, 2024);
- 1,666,667 performance warrants are exercisable upon the construction of the Company's Maximus Facility. During the year, management revised the estimate of the timing of achievement of this condition to be December 31, 2026 (2023 – June 30, 2026); and
- 1,666,666 performance warrants are exercisable upon the Maximus Facility achieving initial output of 2,000 barrels per day. During the year, management revised the estimate of the timing of achievement of this condition to be July 31, 2028 (2023 – 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% per annum.

During the year ended December 31, 2024, the Company recognized share-based payments of $248,969 (2023 - $216,260) based on graded vesting method.

	2024		2023	
	Number of performance warrants	Weighted average exercise price $	Number of performance warrants	Weighted average exercise price $
Balance, beginning of year	5,000,000	0.25	-	-
Issued	-	-	5,000,000	0.25
Balance, end of year	**5,000,000**	**0.25**	**5,000,000**	**0.25**
Exercisable	**-**	-	**-**	**-**

(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).

	2024 $	2023 $
Salaries, wages and consulting fees	470,806	475,079
Share-based compensation	686,653	861,072
Performance warrants	248,969	216,260
	1,406,428	**1,552,411**

Accrued liabilities (Note 7) totaling $433,559 (2023 - $170,000) is in relation to consulting fees and salary 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 year ended December 31, 2024 was based on the loss attributable to common shareholders of $3,065,946 (2023 – $10,136,364) and the weighted average number of common shares outstanding of 64,544,937 (2023 – 46,168,000) after applying the exchange ratio pursuit in the reverse take over.

Share options and warrants were anti-dilutive during the years ended December 31, 2024 and 2023 due to the losses and were therefore excluded from the dilutive per share calculation.

12. SUPPLEMENTARY CASH FLOW INFORMATION

	2024 $	2023 $
Sources (uses) of cash		
GST receivable	120,532	(62,585)
Prepaids	2,056	-
Accounts payable and accrued liabilities	555,058	312,267
Accounts payable and accrued liabilities settled through issuance of shares	256,991	-
Share subscription receivable settled by setting off against amounts payable	6,837	-
	941,474	249,682
Related to operating activities	745,622	249,682
Related to investing activities	195,852	-
	941,474	**249,682**
Interest paid	-	-
Taxes paid	-	-

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair values

At December 31, 2024 and 2023, the Company's financial instruments consist of cash, deposit, share subscription receivable, accounts payable and accrued liabilities, other payable, note payable and convertible promissory note. At December 31, 2024 and 2023, the fair values of these financial instruments approximate their carrying amounts 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.

As at December 31, 2024 and 2023, the carrying amounts of cash, deposit and share subscription receivable represents the maximum credit risk exposure.

The Company holds its cash with a Canadian Chartered bank; thus, the credit risk exposure is low to none.

The deposit held in escrow as at December 31, 2023 was returned and the related liability i.e. other payable also settled.

The share subscription receivable as at December 31, 2023 was set off against amount due to the shareholder.

(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 December 31, 2024, the Company's financial liabilities include accounts payable and accrued liabilities of $1,374,511(2023 - $819,453), other payable of $Nil (2023 - $500,000), note payable $Nil (2023 - $1,294) and convertible promissory note of $25,000 (2023 - $Nil), which are payable ranging between 30 days in the case of trade payable to a year for other liabilities. The Company anticipates that it will be able to raise financing (Note 2(b)) and 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 December 31, 2024, the short-term loan carried fixed rate of interest therefore there is no interest rate fluctuation risk on this loan. The Company had no interest as at December 31, 2023.

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.

(Expressed in Canadian Dollars)

16. INCOME TAXES

The income taxes shown in the statements of loss and comprehensive loss differ from the amounts obtained by applying statutory rates to the loss before income taxes due to the following:

	2024 **$**	**2023** **$**
Loss before income taxes	(3,065,946)	(10,136,365)
Statutory tax rate	23.00%	23.00%
Expected income tax recovery	(705,168)	(2,331,364)
Increase (decrease) in income tax recovery resulting from:		
Meals and entertainment	2,889	4,966
Listing expense	-	1,539,245
Commitment fee paid in shares	(69,000)	-
Share based compensation	303,028	356,712
Deferred tax asset not recognized	468,250	430,441
Deferred income tax recovery	-	-

Details of unrecognized deductible temporary differences are as follows:

	2024 **$**	**2023** **$**
Plant and equipment including asset under construction	760,517	73,000
Share issuance costs	240,000	-
Non-capital losses	3,394,718	2,522,590
	4,395,235	**2,595,590**

17. SUBSEQUENT EVENTS

On January 10, 2025, the Company issued a $25,000 promissory note, under the same terms as the one in Note 8. This promissory note was repaid in full on April 14, 2025.

On February 28, 2025, the Company issued 500,000 common shares against the $25,000 Conversation Promissory Note (Note 8).

On March 28, 2025, the Company received $200,000 grant from the Province of Alberta (Alberta Innovates), which is subject to certain conditions.