

**PLASCRED CIRCULAR  
INNOVATIONS INC.**

**CONDENSED CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS**

For the three and six months ended June 30, 2025 and 2024  
(Unaudited)  
(Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**PLASCRED CIRCULAR INNOVATIONS INC.**  
**Condensed Consolidated Statements of Financial Position**  
**As at June 30 2025 and 2024**  
(Expressed in Canadian Dollars)

	Notes	June 30, 2025 (unaudited) \$	December 31, 2024 (audited) \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		295,790	28,162
Goods and Services Tax ("GST") receivable		14,172	40,450
		309,962	68,612
Plant and equipment including asset under construction	3	666,648	783,145
<b>TOTAL ASSETS</b>		<b>976,610</b>	<b>851,757</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	4	1,555,596	1,374,511
Deferred grant	5	200,000	-
Convertible promissory note	6	-	25,000
		1,755,596	1,399,511
<b>SHAREHOLDERS' DEFICIT</b>			
Share capital	7	8,892,771	8,674,771
Deposit towards unit subscription		105,000	-
Contributed surplus		6,842,368	4,609,328
Accumulated deficit		(14,803,353)	(13,831,853)
<b>Total Shareholders' Deficit</b>		<b>(778,986)</b>	<b>(547,754)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		<b>976,610</b>	<b>0851,757</b>

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

Approved on behalf of the Board of Directors:

"Signed" Troy Lupul  
Director

"Signed" Gerry Gilewicz  
Director

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

**PLASCRED CIRCULAR INNOVATIONS INC.**  
**Condensed Consolidated Statements of Loss and Comprehensive Loss**  
**For the three and six months ended June 30, 2025 and 2024**  
**(unaudited)**  
(Expressed in Canadian Dollars)

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>June 30</b>	<b>June 30,</b>	<b>June 30,</b>	<b>June 30,</b>
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Expenses</b>				
Consulting fees	<b>98,375</b>	127,750	<b>222,250</b>	256,500
Depreciation of plant and equipment	<b>81,400</b>	81,200	<b>162,800</b>	162,400
General and administration (Note 6)	<b>11,153</b>	99,450	<b>66,253</b>	140,208
Interest on short-term loan (Note 5)	<b>5,554</b>	-	<b>5,554</b>	-
Professional fees	<b>36,572</b>	94,957	<b>68,418</b>	109,219
Research and development	<b>36,764</b>	38,786	<b>66,253</b>	77,426
Salaries and wages	<b>62,083</b>	60,785	<b>122,752</b>	124,463
Share-based compensation	<b>112,789</b>	160,924	<b>233,040</b>	426,184
Travel and business development	<b>10,032</b>	12,068	<b>24,440</b>	42,049
<b>Loss from operating expenses</b>				
<b>Net loss and other comprehensive loss</b>	<b>(454,732)</b>	(676,758)	<b>(971,770)</b>	(1,339,447)
<b>Basic and diluted loss per share</b>	<b>(0.01)</b>	(0.01)	<b>(0.01)</b>	(0.01)
<b>Weighted average number of common shares outstanding – basic and diluted</b>	79,300,000	62,400,000	79,300,000	62,400,000

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

**PLASCRED CIRCULAR INNOVATIONS INC.**  
**Condensed Consolidated Statement of Changes in Shareholders' Equity (Deficit)**  
**For the three and six months ended June 30, 2025 and 2024**  
**(unaudited)**  
(Expressed in Canadian Dollars)

	Notes	Share capital \$	Warrants \$	Deposit towards unit subscription \$	Contributed surplus \$	Accumulated deficit \$	Total \$
<b>Balance, December 31, 2023</b>		<b>8,267,140</b>	<b>1,734,659</b>		<b>1,550,922</b>	<b>(10,765,907)</b>	<b>786,814</b>
Warrants exercised		30,000	(11,250)		-	-	18,750
Share-based compensation					455,620		455,620
Net loss and comprehensive loss		-	-		-	(1,339,447)	(1,339,447)
<b>Balance, June 30, 2024</b>		<b>8,297,140</b>	<b>1,723,409</b>	<b>-</b>	<b>2,006,542</b>	<b>(12,037,116)</b>	<b>(10,024)</b>

  

	Notes	Share capital \$	Warrants \$	Deposit towards unit subscription \$	Contributed surplus \$	Accumulated deficit \$	Total \$
<b>Balance, December 31, 2024</b>		<b>8,674,711</b>	<b>-</b>		<b>4,609,328</b>	<b>(13,831,583)</b>	<b>(547,754)</b>
Units issued private placement	7	218,000	184,500		-	-	402,500
Receipt of deposit towards unit subscription				105,000			105,000
Share based compensation		-	-		233,040	-	233,040
Net loss and comprehensive loss		-	-		-	(971,770)	(971,770)
<b>Balance, June 30, 2025</b>		<b>8,892,711</b>	<b>184,500</b>	<b>105,000</b>	<b>4,842,368</b>	<b>(14,803,353)</b>	<b>(778,774)</b>

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

**PLASCRED CIRCULAR INNOVATIONS INC.**  
**Condensed Consolidated Statement of Cash flows**  
**For the six months ended June 30, 2025 and 2024**  
**(unaudited)**  
(Expressed in Canadian Dollars)

	<b>Notes</b>	<b>June 30, 2025 \$</b>	<b>June 30, 2024 \$</b>
<b>Operating activities</b>			
Net loss		(917,770)	(1,339,447)
Adjustments for:			
Depreciation	3	162,800	162,400
Share-based compensation	7	233,040	426,184
		(521,947)	(750,863)
GST recoverable		-	(11,766)
Prepaid expenses		-	(10,816)
Changes in non-cash working capital	10	178,378	279,876
<b>Net cash used in operating activities</b>		<b>(343,569)</b>	<b>(448,405)</b>
<b>Investing activities</b>			
Additions to plant and equipment including asset under construction	3	(46,303)	(43,204)
<b>Net cash used in investing activities</b>		<b>(46,303)</b>	<b>(43,204)</b>
<b>Financing activities</b>			
Proceeds from private placement		377,500	-
Deposit towards unit subscription		105,000	-
Deferred grant	5	200,000	-
Repayment of convertible promissory note	6	(25,000)	-
Proceeds from warrants exercised		-	18,750
<b>Cash received from financing activities</b>		<b>657,500</b>	<b>18,750</b>
<b>Change in cash during the period</b>		<b>267,628</b>	<b>(472,859)</b>
<b>Cash, beginning of the period</b>		<b>28,162</b>	<b>539,220</b>
<b>Cash, end of the period</b>		<b>295,790</b>	<b>66,631</b>

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

## **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 (“Neos Facility”), which will require further financing.

These condensed consolidated interim financial statements comprise the Company and its subsidiaries (together referred to as the “Company”).

## **2. BASIS OF PREPARATION**

### **(a) Basis of accounting**

These unaudited condensed consolidated interim financial statements (“interim financial statements”) as at and for the three and six months ended June 30, 2025 and 2024 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and should be read in conjunction with the Company’s last annual consolidated financial statements as at and for the year ended December 31, 2024 (“last annual financial statements”). They do not include all of the information required for a complete set of IFRS® Accounting Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual financial statements.

These interim financial statements are presented in Canadian dollars, which is the Company’s functional currency.

These interim financial statements were approved and authorized for issuance by the Board of Directors on August 28, 2025.

### **(b) Going Concern**

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

During the three and six months ended June 30, 2025, the Company incurred a net loss and comprehensive loss of \$917,770 and utilized cash totaling \$343,569 in operating activities. As at June 30, 2025, the Company had an accumulated deficit of \$14,803,353 and an excess of current liabilities over current assets of \$1,445,634.

The Company’s ability to continue as a going concern is dependent upon its ability to successfully achieve its business plans and to raise adequate financing to fund its operating and investing

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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 development 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 on the ability of the Company to meet its obligations as they come due and to continue as a going concern.

These interim 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 interim 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) Use of judgments and estimates**

In preparing these interim financial statements, management has made judgments and estimates about the future that affect the application of the Company's accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in that last annual financial statements.

**(d) Change in accounting policy**

Except as described below, the accounting policies in these interim financial statements are the same as those applied in the Company's consolidated financial statements as at and for the year ended December 31, 2024. The policy for recognizing and measuring income taxes in the interim period is consistent with that applied in the previous interim period.

Grant income

A grant is measured at the fair value of the consideration received or receivable. A grant is recognized when the amount can be reliably measured, when it is probable that future economic benefits will flow to the Company and when specific criteria have been met. A government grant is recorded as a grant against the underlying expenses according to the work progress.

Warrants classified as equity

The Company has adopted the pro-rata basis method for the measurement of shares and warrants issued as private placement units. The pro-rata basis method requires that gross proceeds and related share issuance costs be allocated to the common shares and the warrants based on the relative fair value of the component.

The fair value of the common share is based on the closing price on the closing date of the transaction and the fair value of the warrant is determined using the Black-Scholes Option Pricing Model.

The fair value attributed to the warrant is recorded as warrant equity. If the warrant is exercised, the value attributed to the warrant is transferred to share capital. If the warrant expires unexercised, the value is reclassified to contributed surplus within equity. Warrants, issued as part of private

placement units, that have their term of expiries extended, are not subsequently revalued.

The Company may modify the terms of warrants originally granted. When modifications exist, the Company will maintain the original fair value of the warrant.

**(e) 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 interim 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:



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- 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.

### **3. PLANT AND EQUIPMENT INCLUDING ASSET UNDER CONSTRUCTION**

	<b>Demonstration plant (formerly pilot plant) \$</b>	<b>Asset under construction \$</b>	<b>Computer equipment \$</b>	<b>Total \$</b>
<b>Cost:</b>				
Balance, December 31, 2024	977,173	198,130	6,126	1,181,429
Additions	-	46,303	-	46,303
Balance, June 30, 2025	977,173	244,433	6,126	1,227,732
<b>Accumulated depreciation:</b>				
Balance, December 31, 2024	(395,552)	-	(2,732)	(398,284)
Charge for the period	(162,000)	-	(800)	(162,800)
Balance, June 30, 2025	(557,552)	-	(3,532)	(561,084)
<b>Net book value:</b>				
Balance, December 31, 2024	581,621	198,130	3,394	783,145
Balance, June 30, 2025	<b>419,621</b>	<b>244,433</b>	<b>2,594</b>	<b>666,648</b>

Management has determined that there is no significant decommissioning liability as at June 30, 2025 and December 31, 2024 in relation to its demonstration plant.

No impairment indicators were identified as at June 30, 2025 and December 31, 2024.

#### **4. DEFERRED GRANT**

In March 2025, the Company executed an investment agreement with Alberta Innovates, a Province of Alberta research and innovation corporation, to receive up to \$500,000 to pursue research and development of the Company's plastic upcycling process (the "Grant"). The Company received a Grant totaling \$200,000 in March 2025. The Grant monies will not be repayable provided that they are expended subject to certain conditions to further the development of the Company's process and equipment. As at June 30, 2025, the Company had not utilized the funds from the Grant.

#### **5. 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 was 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 portion of the Convertible Promissory Note to be equal to \$25,000 and assigned \$Nil value to the equity component. The Convertible Promissory Note is subsequently measured at amortized cost.

Interest for the year ended December 31, 2024 and quarter ended March 31, 2025 was waived.

On February 28, 2025, the Company and lender of convertible promissory note agreed that the lender participate in a private placement and the \$25,000 was converted into common shares (Note 7)

On January 10, 2025, the Company received additional \$25,000 Convertible Promissory Note under the same terms as the previous one stated above. On initial recognition, the Company determined the fair value of the debt portion of the Convertible Promissory Note to be equal to \$25,000 and assigned \$Nil value to the equity component. This Convertible Promissory Note was repaid during April, 2025.

#### **6. SHARE CAPITAL**

##### **(a) Authorized**

Unlimited number of voting common shares.

##### **(b) Issued and outstanding**

	<b>Common shares</b>	<b>Warrants</b>
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**Notes to the Condensed Consolidated Interim Financial Statements**  
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	Number of shares	Amount \$	Number of warrants	Amount \$
<b>Balance, December 31, 2024</b>	<b>70,780,636</b>	<b>8,674,771</b>	-	-
Shares issued in private placement (i)	9,550,000	218,000	9,550,000	184,500
<b>Balance, June 30, 2025</b>	<b>80,330,636</b>	<b>8,892,771</b>	<b>9,550,000</b>	<b>184,500</b>

- (i) On February 28, 2025, the Company issued 500,000 units against the \$25,000 convertible promissory note (Note 6). These units comprise 500,000 common shares and 500,000 share purchase warrants. The share purchase warrants are exercisable at a price of \$0.07 per share and expire after 3 years.
- (II) On April 25, 2025 the Company issued 9,050,000 units comprising common shares and share purchase warrants. The share purchase warrants are exercisable at a price of \$0.07 per share and expire after 3 years.

The Company used a modified Black Scholes Option Pricing Model to determine the fair value of each share purchase warrant to be \$0.055, using the following inputs and assumptions: share price – \$0.065, exercise price - \$0.07, expected life of warrants – 3 years; expected volatility – 164.83%; expected dividend yield – 0%; and risk-free rate – 2.55%.

Based on the respective fair values, the Company allocated the proceeds between the common shares \$218,000 and warrants \$184,500.

Shares held in escrow

The 35,000,000 common shares that were issued pursuant to reverse takeover transaction were placed in escrow. During the six months ended June 30, 2025, 7,000,000 shares were released and the remainder will be released as follows:

<b>Escrow release date</b>	<b># of shares being released</b>
August 8, 2025	7,000,001
February 8, 2026	7,000,001
	<b>14,000,002</b>

Warrants outstanding:

The following table summarizes warrants activity and balances outstanding as at June 30, 2025 and December 31, 2024:

	<b>June 30, 2025</b>		<b>December 31, 2024</b>	
	<b>Number of warrants</b>	<b>Weighted average exercise price \$</b>	<b>Number of warrants</b>	<b>Weighted average exercise price \$</b>
Balance, December 31, 2024	-	-	-	-
Issued in price placement	9,550,000	0.07	-	-
<b>Balance, June 30, 2025</b>	<b>9,550,000</b>	<b>0.07</b>	<b>-</b>	<b>-</b>
<b>Exercisable</b>	<b>9,550,000</b>	<b>0.07</b>	<b>-</b>	<b>-</b>

**(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 dependent on the capital calls to be made by the Company. The GEA is for 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 fee 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.

Additionally, pursuant to the GEA, on October 4, 2024, the Company also issued 4,100,000 warrants ("Financing Warrants") with thirty-six 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 thirty 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 thirty 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 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 during the year ended December 31, 2024. 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.

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As at June 30, 2025 and 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 June 30, 2025 and 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.

	<b>2025</b>	
	<b>Number of Financing Warrants</b>	<b>Weighted average exercise price \$</b>
Balance, December 31, 2024	4,100,000	\$0.0767 and variable
<b>Balance, June 30, 2025</b>	<b>4,100,000</b>	<b>\$0.0767 and variable</b>
<b>Exercisable</b>	<b>369,560</b>	<b>\$0.0767 and variable</b>

**(d) Share options**

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

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 a modified 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.

During the six months ended June 30, 2025, the Company recorded share-based compensation of \$233,040 (six months ended June 30, 2024: \$462,184) based on graded vesting method.

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

	<b>Six months ended June 30, 2025</b>	
	<b>Number of options</b>	<b>Weighted average exercise price \$</b>
Balance, December 31, 2024	3,650,000	0.05
<b>Balance, June 30, 2025</b>	<b>3,650,000</b>	<b>0.05</b>
<b>Exercisable</b>	<b>2,433,334</b>	<b>0.05</b>

Weighted average remaining life of outstanding options as at June 30, 2025 is 4.25 (December 31, 2024 – 4.9) years.

As at June 30, 2025, the Company had the following share options outstanding:

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

**(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 (see Note Subsequent Events re modification of the vesting conditions):

-1,666,667 Performance Warrants shall become exercisable upon the earlier of:

- i) the Company securing financing of \$15,000,000 CAD or greater, or
- ii) the commencement of construction of the Company's Maximus Facility.

-1,666,667 Performance Warrants shall become exercisable upon mechanical completion of the Maximus Facility.

-1,666,666 Performance Warrants shall become exercisable upon the Maximus Facility achieving an average production rate of 2,000 barrels per day over a continuous one year period of operation.

The total fair value of these warrants was estimated to be \$1,176,889. This fair value was calculated using a modified 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 six months ended June 30, 2025, the Company recognized share-based compensation of \$164,542 (three months ended June 30, 2024 \$82,271) based on graded vesting method.

**7. 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 a director, who is also the President and Chief Executive Officer of the Company and other executive officers (Chief Technology Officer and Chief Financial Officer).

	<b>Six months ended June 30, 2025 \$</b>	<b>Six months ended June 30, 2024 \$</b>
Salaries, wages and consulting fees	242,250	236,500
Share-based compensation	12,425	86,479
Performance warrants	124,341	132,215
	<b>379,016</b>	<b>335,444</b>

Accounts payable and accrued liabilities (Note 4) totaling \$490,000 (December 31, 2024 - \$390,000) is in relation to salaries, wages and consulting fees payable to key management. These

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payables are non-interest bearing, are unsecured, and have no specific terms of repayment.

**8. LOSS PER SHARE**

The calculation of basic and diluted loss per share for the six months ended June 30, 2025 was based on the loss attributable to common shareholders of \$917,770 (six months ended June 30, 2024 – \$1,336,447) and the weighted average number of common shares outstanding of 79,300,000 (2024 – 64,544,937).

Share options and warrants were anti-dilutive during the six months ended June 30, 2025 and 2024 due to the losses.

**9. SUPPLEMENTARY CASH FLOW INFORMATION**

	<b>Six months ended June 30, 2025 \$</b>	<b>Six months ended June 30, 2024 \$</b>
<b>Sources (uses) of cash</b>		
GST receivable	26,278	(11,766)
Prepaid expenses	-	10,816
Accounts payable and accrued liabilities	252,734	280,826
	<b>178,378</b>	<b>279,876</b>
Related to operating activities	178,378	279,876
Related to investing activities	-	-
	<b>178,378</b>	<b>279,876</b>
Interest paid	5,554	-
Taxes paid	-	-

**10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**(a) Fair values**

At June 30, 2025 and December 31, 2024, the Company's financial instruments consist of cash, share subscription receivable, deposit, accounts payable and accrued liabilities and notes payable.

At June 30, 2025 and December 31, 2024, the fair values of cash, share subscription receivable, deposit, accounts payable and accrued liabilities and notes payable approximate their carrying values due to the relatively short-term maturity of these financial instruments.

**(b) Risk management**

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

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

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

**(i) Credit risk**

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

The Company's maximum exposure to credit risk associated with financial assets is equivalent to the carrying amounts of these financial assets i.e. the cash balance as at June 30, 2025 and December 31, 2024.

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

**(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 June 30, 2025, the Company's financial liabilities include accounts payable and accrued liabilities totaling \$1,555,596 which are payable within a year. The Company had cash and receivables of \$309,962 as at June 30, 2025. The Company expects to be able to obtain funding to settle its liabilities as and when they fall due.

**(iii) Market risk**

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



## **11. 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.

## **12. 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.

## **13. SUBSEQUENT EVENTS**

In May 2025, the Company closed a private placement of 6,730,000 units consisting of common shares at a price of \$0.05 per unit for net proceeds of \$402,500, out of which \$105,000 (note 7) was received before June 30, 2025 and is presented as deposit towards share subscription on the statement of financial position. A total of 6,730,000 common shares and 6,730,000 share purchase warrants that are exercisable at a price of \$0.07 per share and expiry of April, 2028 have been issued.

In August the Company issued 750,000 shares at a price of \$0.15 per share for services.

In July, the vesting terms of the Performance Warrants were modified as follows:

- (a) 1,666,667 Performance Warrants shall become exercisable upon the earlier of:
  - i) the Company securing financing of \$15,000,000 CAD or greater, or
  - ii) the commencement of construction of the Company's Neos Facility.
- b) 1,666,667 Performance Warrants shall become exercisable upon mechanical completion of the Neos Facility.
- c) 1,666,666 Performance Warrants shall become exercisable upon the Neos Facility achieving an average production rate of 450 barrels per day over a continuous one year period of operation.

## **14. COMPARATIVE FIGURES**

Prior year figures (June 30, 2024) in relation to regulatory fees and information technology expenses that were previously reported under general and administrative expenses were reclassified to conform to the current period presentation.