

CARCETTI CAPITAL CORP.

Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Carcetti Capital Corp.

Opinion

We have audited the accompanying financial statements of Carcetti Capital Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2024, December 31, 2023 and January 1, 2023, and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years ended December 31, 2024 and 2023, and notes to the financial statements, including material accounting policy information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, December 31, 2023 and January 1, 2023, and its financial performance and its cash flows for the years ended December 31, 2024 and 2023 in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Change in Presentation Currency

As discussed in Note 2 to the financial statements, during the year ended December 31, 2024, the Company retroactively change its presentation currency from the United States dollar to Canadian dollar.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the Company had working capital of \$287,329 and accumulated deficit of \$54,789,072 since its inception and may incur future losses in the development of its business. As stated in Note 1, these events and conditions 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 financial statements of the current year ended. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

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 auditor's report.



Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, 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, 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 Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.


- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 financial statements of the current year ended 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 Carmen Newnham.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

April 17, 2025

Carcetti Capital Corp.
Statements of Financial Position
(Expressed in Canadian dollars)

As at	Note	December 31, 2024	December 31, 2023 (restated Note 2)	January 1, 2023 (restated Note 2)
Assets				
Current assets				
Cash		\$ 311,350	\$ 337,067	\$ 9,739,689
Receivables		448	1,244	5,108
Prepaid expenses		7,516	7,639	-
		319,314	345,950	9,744,797
Prepaid expenses		22,545	30,061	-
Total assets		\$ 341,859	\$ 376,011	\$ 9,744,797
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities		\$ 31,985	\$ 37,105	\$ 124,987
Preferred share redemption payable		-	-	9,426,461
Total liabilities		31,985	37,105	9,551,448
Shareholders' equity				
Share capital	4	48,576,044	48,494,144	47,994,144
Reserves	4	6,522,902	6,515,302	6,505,127
Deficit		(54,789,072)	(54,670,540)	(54,305,922)
Total shareholders' equity		309,874	338,906	193,349
Total liabilities and shareholders' equity		\$ 341,859	\$ 376,011	\$ 9,744,797

Nature of operations and going concern (Note 1)

These financial statements were approved by the Board of Directors of the Company on April 17, 2025.

Approved by the Board

"Glenn Kumoi"
Director (Signed)

"Richard Silas"
Director (Signed)

The accompanying notes are an integral part of these financial statements

Carcetti Capital Corp.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

		Year ended December 31,	
	Note	2024	2023 (restated Note 2)
Operating expenses			
Consulting	5	\$ -	\$ 243,867
Foreign exchange		-	(40,257)
Management fees	5	12,506	16,465
Office and general		27,511	47,644
Professional fees		70,915	86,724
Stock-based compensation	4,5	7,600	10,175
Loss and comprehensive loss		\$ (118,532)	\$ (364,618)
Basic and diluted loss per share		\$ (0.02)	\$ (0.10)
Weighted average number of common shares - basic and diluted		5,491,277	3,672,954

The accompanying notes are an integral part of these financial statements

Carcetti Capital Corp.
Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Number of shares	Share capital	Reserves	Deficit	Total
Balances as at December 31, 2022 (restated Note 2)	1,047,383	\$ 47,994,144	\$ 6,505,127	\$ (54,305,922)	\$ 193,349
Shares issued for proceeds	3,966,667	476,000	-	-	476,000
Shares issued for settlement of debt	200,000	24,000	-	-	24,000
Stock-based compensation	-	-	10,175	-	10,175
Loss for the year	-	-	-	(364,618)	(364,618)
Balances as at December 31, 2023 (restated Note 2)	5,214,050	\$ 48,494,144	\$ 6,515,302	\$ (54,670,540)	\$ 338,906
Stock-based compensation	-	-	7,600	-	7,600
Warrants exercised	455,000	81,900	-	-	81,900
Loss for the year	-	-	-	(118,532)	(118,532)
Balances as at December 31, 2024	5,669,050	\$ 48,576,044	\$ 6,522,902	\$ (54,789,072)	\$ 309,874

The accompanying notes are an integral part of these financial statements

Carcetti Capital Corp.
Statements of Cash Flow
(Expressed in Canadian dollars)

	For the year ended December 31,	
	2024	2023 (restated Note 2)
Operating activities		
Loss for the year	\$ (118,532)	\$ (364,618)
Adjustment for non-cash items:		
Stock-based compensation	7,600	10,175
Changes in working capital:		
Receivables	796	3,864
Prepaid expenses	7,639	(37,700)
Accounts payable and accrued liabilities	(5,120)	(63,882)
Cash used in operating activities	(107,617)	(452,161)
Financing activities		
Preferred share redemption	-	(9,426,461)
Warrants exercised	81,900	-
Shares issued for cash	-	476,000
Cash provided by (used in) financing activities	81,900	(8,950,461)
Net change in cash	(25,717)	(9,402,622)
Cash at beginning of year	337,067	9,739,689
Cash at end of year	\$ 311,350	\$ 337,067
Supplemental cash flow information		
Income tax paid	\$ -	\$ -
Interest paid	\$ -	\$ -
Shares issued for settlement of debt	\$ -	\$ 24,000

The accompanying notes are an integral part of these financial statements

Carcetti Capital Corp.
For the years ended December 31, 2024 and 2023
Notes to the financial statements
(Expressed in Canadian dollars)

1 Nature of operations and going concern

Carcetti Capital Corp. (the “Company”) was engaged in the exploration and development of energy. The Company was incorporated pursuant to the provisions of the Business Corporations Act (Ontario) and continued under the Canadian Business Corporations Act in February 2012. The address of the Company’s registered and records office is 1200 – 750 West Pender Street, Vancouver, BC, V6C 2T8. The Company is listed on the NEX board of the TSX Venture Exchange (“TSXV”) under the trading symbol “CART.H”.

The Company is currently assessing the business opportunities available in the market, and plan to pursue something once the management is able to find an opportunity that fits Company’s objectives.

Going concern

These financial statements for the years ended December 31, 2024 and 2023 have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As of December 31, 2024, the Company had accumulated deficit of \$54,789,072 (December 31, 2023 – \$54,670,540) and had working capital of \$287,329 (December 31, 2023 – \$308,845). The Company’s continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with current cash on hand, and further private placements.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2 Basis of presentation

Statement of compliance

These financial statements, including comparatives, have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

Basis of preparation

These financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

As at December 31, 2024, the Company changed its accounting policy to present its results in Canadian dollars instead of United States dollars as done previously. The change in presentation currency is to better reflect the Company’s business activities. This accounting change has been applied retrospectively in preparing these financial statements; as such, all comparative figures have been restated to reflect this change.

Use of estimates and judgments

Management makes a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with IFRS Accounting Standards. Actual results could differ from those estimates. For the years ended December 31, 2024 and 2023 there were no significant estimates and judgements.

Carcetti Capital Corp.
For the years ended December 31, 2024 and 2023
Notes to the financial statements
(Expressed in Canadian dollars)

3 Material accounting policies

The accounting policy information set out below have been applied consistently to all periods presented in these financial statements.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company's entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss resulting from the settlement of such transactions and from the translation at the reporting date of monetary assets and liabilities denominated in foreign currencies is recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined.

Financial instruments

Classification

Financial assets are classified at initial recognition as either: measured at amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive loss ("FVTOCI"). The classification depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. Fair value through profit or loss ("FVTPL") – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of operations. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the statement of operations in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

Under IFRS 9, the Company classifies its financial instruments as follows:

Cash	Amortized cost
Receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Measurement

FVTOCI - Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets and liabilities at amortized cost - Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Financial assets and liabilities at FVTPL - Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

3 Material accounting policies (continued)

Financial instruments (continued)

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of loss and comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss). The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of loss and comprehensive loss.

Impairment of assets

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Assets that cannot be tested individually are grouped together into CGUs. The impairment test consists of comparing the carrying amount of the asset or the CGU to its recoverable amount, which is the greater of its fair value less costs of disposal ("FVLCD") and value in use ("VIU").

In determining FVLCD, discounted cash flows, future developments, and recent market transactions are taken into account, if available. These calculations are corroborated by valuation multiples or other available fair value indicators. Inputs are those that an independent market participant would consider appropriate.

In determining VIU, the Company estimates the present value of the future net cash flows expected to be derived from the continued use of the asset or CGU without consideration for potential enhancement or improvement of the underlying asset's performance. Discount rates that reflect the market assessments of the time value of money and the risks specific to the asset or CGU are used.

Determining the recoverable amount of the CGU requires estimating various items such as future commodity prices, production and reserves, an appropriate pre-tax discount rate that takes into account the implicit risk in the sectors where the Company operates, operating costs, future development costs, royalties and production taxes.

If the recoverable amount is less than the carrying amount of the asset or the CGU, an impairment loss is recognized for the difference. Impairment losses recognized in respect of CGUs are allocated first to reduce any applicable goodwill related to the CGU and then to all other assets in the CGU on a pro rata basis. However, assets are not written down below the lower of nil and the recoverable amount of the assets.

3 Material accounting policies (continued)

Impairment of assets (continued)

Non-financial assets (continued)

When it is determined that the recoverable amount is greater than the carrying amount, previously recognized impairment losses are reversed. Previous impairment losses cannot be reversed above the lower of the recoverable amount or the carrying amount that would have been determined, net of depreciation, at the time of the reversal had the previous impairment never been recorded. An impairment loss in respect of goodwill cannot be reversed.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity, net of tax.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing price on the issuance date, the balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded to reserves. If the warrants expire unexercised, the value attributed to the warrants is transferred from reserves to share capital.

Loss per share

Basic loss per share is computed by dividing loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. To the extent that the Company incurs losses, all potential shares are considered to be anti-dilutive and no adjustment is made.

Share-based payments

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. Share-based payments to non-employees are measured on the date and at the fair value of goods or services received, or fair value of the equity instruments issued, whichever can be more reliably measured. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

For both employees and non-employees, the fair value of share-based payments is recognized as an expense with a corresponding increase in reserves. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in share capital and the related share-based payment in reserves is transferred to share capital. The Company transfers the value of cancelled and expired unexercised vested stock options to deficit from reserves on the date of expiration.

3 Material accounting policies (continued)

Income taxes

The income tax expense is the sum of current and deferred tax. Tax expense is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive loss, directly in equity or when current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current tax is determined based on the amount of income taxes payable or receivable in respect of the taxable income or loss for the year, using tax rates that have been enacted or substantively enacted at the reporting date and any adjustments to tax payable in respect of previous years. Deferred tax is determined by providing for temporary differences between the tax base of assets and liabilities and the amounts used for financial reporting purposes. Deferred tax is not recognized for temporary differences from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries, associates and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is also not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are measured using tax rates enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the liability is settled. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

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

Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's CEO to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Company is not operating in any reportable segments as it continues to explore new business opportunities.

New accounting standards adopted

In October 2023, the IASB issued amendments to IAS 1, Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current and Noncurrent Liabilities with Covenants. These amendments increase the disclosure required to enable users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within 12 months. The amendments are effective January 1, 2024, with early adoption permitted. Retrospective application is required on adoption. The Company determined that these amendments didn't have a material effect on its consolidated financial statements.

3 Material accounting policies (continued)

New standards issued and not yet effective

The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended December 31, 2024.

On April 9, 2024, the IASB issued a new standard – IFRS 18, “Presentation and Disclosure in Financial Statements” with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity’s financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. Adoption of IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its ‘operating profit or loss’. The Company is currently assessing the impact the new standard will have on its financial statements.

4 Share capital and reserves

Authorized shares

The Company is authorized to issue an unlimited number of Class A common shares, an unlimited number of Class B common shares, and an unlimited number of Preferred shares.

Issued shares

During the year ended December 31, 2024:

In May 2024, the Company issued 455,000 common shares of the Company in connection with the exercise of 455,000 warrants at an exercise price of \$0.18 per share for gross proceeds of \$81,900.

During the year ended December 31, 2023:

In May 2023, the Company closed a private placement financing of 4,166,667 units at a price of \$0.12 per share for gross proceeds of \$476,000. Each unit consists of one common share of the Company and one-half share purchase warrant. Each warrant shall entitle the holder to purchase an additional common share of the Company at a price of \$0.18 for a period of one year. Of the 4,166,667 shares issued, the Company issued 200,000 common shares for gross proceeds of \$nil in connection with the severance payment of a former director, to settle \$24,000 of debt.

Carcetti Capital Corp.
For the years ended December 31, 2024 and 2023
Notes to the financial statements
(Expressed in Canadian dollars)

4 Share capital and reserves (continued)

Stock options

The Company has a stock option plan under which it is authorized to grant options to its directors, officers, employees and consultants for the purchase of up to 10% of the issued and outstanding common shares. The term of options under the plan shall not exceed 10 years, have an exercise price not less than the current market price and may be subject to vesting terms as determined by the board of directors. The continuity and schedule of the stock options is presented below:

	Number of Options	Weighted Average Exercise Price
		\$
Balance, December 31, 2022	12,333	24.00
Issued	90,000	0.26
Balance, December 31, 2023 and 2024	102,333	3.12

Number of Options Outstanding	Number of Options Exercisable	Weighted Average Exercise Price	Expiry Date
		\$	
12,333	12,333	24.00	December 7, 2026
90,000	90,000	0.26	November 8, 2028
102,333	102,333		

On November 8, 2023, the Company granted 90,000 stock options to certain directors of the Company at an exercise price of \$0.26. These options were granted for a period of five years with ½ vesting immediately, and ½ vesting a year from date of grant. The estimated fair value, \$17,775, was calculated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 3.60%, forfeiture rate of 0%, no annual dividends, expected volatility of 100% and a market price of shares at grant date \$0.26. During the year ended December 31, 2024, the Company recorded stock-based compensation of \$7,600 (2023 – \$10,175).

The weighted average life of options outstanding as at December 31, 2024 was 3.63 (2023 - 4.63) years.

Warrants

	Number of warrants	Weighted Average Exercise Price
		\$
Balance, December 31, 2022	-	-
Issued	2,083,333	0.18
Balance, December 31, 2023	2,083,333	0.18
Exercised	(455,000)	0.18
Expired	(1,628,333)	0.18
Balance, December 31, 2024	-	-

Carcetti Capital Corp.
For the years ended December 31, 2024 and 2023
Notes to the financial statements
(Expressed in Canadian dollars)

5 Related party transactions

Transactions with related parties are incurred in the normal course of business. Key management personnel include executive officers and non-executive directors. Executive officers are compensated and may participate in the Company's stock option plan. Non-executive directors also may participate in the Company's stock option plan. The Company entered into the following transactions with key management personnel:

	Year ended December 31,	
	2024	2023
	\$	\$
Management fees	12,000	16,167
Consulting fees	-	244,868
Stock-based compensation	7,600	10,175
	19,600	271,210

6 Financial instruments

The Company's financial instruments consist of cash, receivables (excluding sales tax), and accounts payable and accrued liabilities. The Company's financial assets and liabilities are classified at amortized cost. The fair values of the Company's financial instruments approximate their carrying values due to the short-term nature of the accounts.

The Company classifies its fair value measurements in accordance with the three levels fair value hierarchy as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
- Level 3 – Inputs that are not based on observable market data.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company has deposited its cash with a large Canadian financial institution. Management believes the risk of loss is low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient working capital to meet liabilities when due. As at December 31, 2024, the Company had a cash balance of \$311,350 to settle accounts payable and accrued liabilities of \$31,985.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates 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 exposure within acceptable parameters, while optimizing the return.

Carcetti Capital Corp.
For the years ended December 31, 2024 and 2023
Notes to the financial statements
(Expressed in Canadian dollars)

7 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to meet its exploration commitments. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure. The Company considers its capital structure to include shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the potential underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms and approved by the TSXV. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes to the Company's approach to capital management during the year ended December 31, 2024. The Company is not subject to any externally imposed capital requirements.

8 Income taxes

The income tax provision differs from income taxes, which would result from applying the expected tax rate to net loss before income taxes. The differences between the expected income tax expenses and the actual income tax provision are summarized as follows:

	For the year ended	
	December 31, 2024	December 31, 2023
Income (loss) before tax	(118,532)	(364,618)
Expected income tax (recovery)	(32,000)	(84,000)
Change in statutory, foreign tax, foreign exchange rates, and other	(1,450,000)	-
Permanent differences	2,000	7,000
Adjustment to prior years deferred tax assets	(8,436,000)	284,000
Change in unrecognized deductible temporary differences	9,916,000	(193,000)
Total income tax expense (recovery)	-	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	December 31, 2024	Expiry dates	December 31, 2023	Expiry dates
Temporary differences:				
Allowable capital losses	33,287,000	No expiry date	2,003,000	No expiry date
Property, plant, and equipment	713,000	No expiry date	713,000	No expiry date
Capital losses	1,132,000	No expiry date	1,131,000	No expiry date
Non-capital losses	32,497,000	2031 to 2044	32,427,000	2031 - 2043