

**NORTHERN SILICON INTERNATIONAL INC.  
CONSOLIDATED FINANCIAL STATEMENTS**

**For The Years Ended July 31, 2024 and 2023**  
(Expressed in Canadian Dollars)



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## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of Northern Silicon International Inc.:

### **Opinion**

We have audited the consolidated financial statements of Northern Silicon International Inc. and its subsidiary (together the "Company"), which comprise the consolidated statements of financial position as at July 31, 2024 and 2023, and the consolidated statements of earnings (loss) and comprehensive earnings (loss), consolidated statements of changes in equity and consolidated statements of 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 July 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

### **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 Consolidated 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 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 1 in the consolidated financial statements, which describes conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian securities commissions.

*Baker Tilly WM LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.*

**Now, for tomorrow**

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 audit 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 audit and remain alert for indications that the other information appears to be materially misstated. 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 in this auditor's report. 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, 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.

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.

*Baker Tilly WM LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.  
November 18, 2024

**Northern Silicon International Inc.**  
**Consolidated Statements of Financial Position**  
(Stated in Canadian Dollars)

	<u>Notes</u>	<u>July 31, 2024</u>	<u>July 31, 2023</u>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 556	\$ 5,465
GST receivable		2,097	1,267
<b>TOTAL ASSETS</b>		<b>\$ 2,653</b>	<b>\$ 6,732</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 11,649	\$ 21,451
Loans payable	4	70,173	31,745
<b>Total current liabilities</b>		<b>81,822</b>	<b>53,196</b>
<b>Shareholders' equity (deficiency)</b>			
Common shares	5	592,502	592,502
Special warrants	5	5,500	5,500
Deficit		(677,171)	(644,466)
<b>Total equity (deficit)</b>		<b>(79,169)</b>	<b>(46,464)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 2,653</b>	<b>\$ 6,732</b>
<b>Nature and continuance of operations and going concern</b>	<b>1</b>		
<b>Approved on behalf of the Board of Directors:</b>			
<i>"Colin Watt"</i> Colin Watt, Director		<i>"Jeff Lightfoot"</i> Jeff Lightfoot, Director	

# Northern Silicon International Inc.

## Consolidated Statements of Earnings (Loss) and Comprehensive Earnings (Loss)

(Stated in Canadian Dollars)

	Notes	Year ended July 31,	
		2024	2023
<b>General and administrative expenses</b>			
Investor relations - annual meeting		\$ -	\$ 2,275
Office and administration		932	243
Professional fees		24,146	18,600
Regulatory fees		2,165	1,779
Transfer agent		1,564	4,539
		<b>28,807</b>	27,436
<b>Other expenses (recoveries)</b>			
Extinguishment of special warrants on disposition of non-operating subsidiary	5	-	(266,350)
Finance charges	4	3,898	1,745
		<b>3,898</b>	(264,605)
<b>Earnings (loss) and comprehensive earnings (loss) for the year</b>		<b>\$ (32,705)</b>	<b>\$ 237,169</b>
<b>Earnings (loss) per share - basic and diluted</b>		<b>\$ (0.00)</b>	<b>\$ 0.03</b>
<b>Weighted average number of common shares outstanding - basic</b>	5	<b>9,439,094</b>	9,439,094
<b>Weighted average number of common shares outstanding - diluted</b>	5	<b>9,439,094</b>	9,494,094

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

**Northern Silicon International Inc.**  
**Consolidated Statements of Changes in Equity**  
(Stated in Canadian Dollars)

	<u>Common Shares</u>		<u>Special Warrants</u>	<u>Deficit</u>	<u>Total</u>
	<u>Number</u>	<u>Amount</u>			
<b>Balance at July 31, 2023</b>	9,439,094	\$ 592,502	\$ 5,500	\$ (644,466)	\$ (46,464)
Earnings (loss) for the year	-	-	-	(32,705)	(32,705)
<b>Balance at July 31, 2024</b>	9,439,094	\$ 592,502	\$ 5,500	\$ (677,171)	\$ (79,169)

	<u>Common Shares</u>		<u>Special Warrants</u>	<u>Deficit</u>	<u>Total</u>
	<u>Number</u>	<u>Amount</u>			
<b>Balance at July 31, 2022</b>	9,439,094	\$ 592,502	\$ 271,850	\$ (881,635)	\$ (17,283)
Extinguishment of special warrants on disposition of non-operating subsidiary	-	-	(266,350)	-	(266,350)
Earnings (loss) for the year	-	-	-	237,169	237,169
<b>Balance at July 31, 2023</b>	9,439,094	\$ 592,502	\$ 5,500	\$ (644,466)	\$ (46,464)

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

# Northern Silicon International Inc.

## Consolidated Statements of Cash Flows

(Stated in Canadian Dollars)

	Year ended July 31,	
	2024	2023
<b>Operating Activities</b>		
Earnings (loss) for the year	\$ (32,705)	\$ 237,169
Items not involving cash:		
Extinguishment of special warrants on disposition of non-operating subsidiary	-	(266,350)
Finance charges	3,898	1,745
Changes in non-cash working capital items:		
GST receivable	(830)	252
Accounts payable and accrued liabilities	(9,802)	(1,080)
<b>Net cash used in operating activities</b>	<b>(39,439)</b>	<b>(28,264)</b>
<b>Financing Activity</b>		
Loans payable	34,530	30,000
<b>Net cash provided by (used in) financing activity</b>	<b>34,530</b>	<b>30,000</b>
<b>Change in cash during the year</b>	<b>(4,909)</b>	<b>1,736</b>
<b>Cash, beginning of year</b>	<b>5,465</b>	<b>3,729</b>
<b>Cash, end of year</b>	<b>\$ 556</b>	<b>\$ 5,465</b>
<b>Supplemental Cash Flow Information</b>		
Income taxes paid	\$ -	\$ -
Interest paid (received)	\$ -	\$ -

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

# **NORTHERN SILICON INTERNATIONAL INC.**

Notes to the Consolidated Financial Statements

For The Years Ended July 31, 2024 and 2023

(Expressed in Canadian Dollars)

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## **1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN**

Northern Silicon International Inc. (the “Company”) is a company incorporated on July 3, 2014 pursuant to the British Columbia Business Corporations Act. The Company’s head office and principal place of business is 1100 – 1111 Melville Street, Vancouver, British Columbia, Canada V6E 3V6.

The Company currently does not carry on any active business, and is seeking new business opportunities.

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

As at July 31, 2024, the Company has an accumulated deficit of \$677,171 (2023 - \$644,466), has not achieved profitable operations since inception, and expects to incur further losses in the future. Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and ongoing commitments is dependent upon the ability of the Company to obtain additional financing.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

## **2. BASIS OF PRESENTATION**

These consolidated financial statements have been prepared using accounting policies in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) as at July 31, 2024. These consolidated financial statements are presented in Canadian dollars. These consolidated financial statements were authorized for issuance by the Board of Directors on November 7, 2024.

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Northern Silicon Inc. (“Subco”), a British Columbia, Canada corporation. All significant intercompany transactions and balances have been eliminated. As of May 11, 2023, the Company no longer has ownership control of Subco (Note 5b) and its accounts were deconsolidated from these consolidated financial statements as of that date.

## **3. MATERIAL ACCOUNTING POLICY INFORMATION**

### **a) Significant Accounting Judgments, Estimates and Assumptions**

The preparation of financial statements requires estimates, judgments, and assumptions that are based on management’s experience and knowledge of the relevant facts and circumstance and are continuously evaluated.

# NORTHERN SILICON INTERNATIONAL INC.

Notes to the Consolidated Financial Statements

For The Years Ended July 31, 2024 and 2023

(Expressed in Canadian Dollars)

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## 3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

These can affect the reported amounts, the valuation of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements as well as the reported amounts of revenues and expenses during the year. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects future periods. Estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Due to market changes and other factors beyond the control of the Company, results may differ from the estimates used at the reporting date.

At July 31, 2024, there were no significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of consolidated financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made.

### b) Financial Instruments

The Company determines the classification of its financial instruments at initial recognition. The Company has not entered into any derivative contracts. Upon initial recognition at fair value, a financial asset is classified and measured at: amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVOCI"). A financial liability is classified and measured at amortized cost or FVTPL.

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

The Company's financial instruments consist of cash, accounts payable and accrued liabilities and loans payable. The classification of the Company's financial instruments are as follows:

<u>Asset or liability</u>	<u>Classification</u>
Cash	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost

**Financial assets at FVTPL:** Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed as incurred in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are recognized in profit or loss.

# NORTHERN SILICON INTERNATIONAL INC.

Notes to the Consolidated Financial Statements

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## 3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

**Financial assets at FVOCI:** Financial assets carried at FVOCI are initially recorded at fair value and transaction costs are included in the fair value of the instrument on initial recognition. Unrealized gains and losses arising from changes in the fair value of the financial assets held at FVOCI are recognized in other comprehensive earnings.

**Financial assets at amortized cost:** A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity.

**Impairment of financial assets at amortized cost:** 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.

**Financial liabilities at FVTPL:** This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried on the consolidated statement of financial position at fair value with changes in fair value recognized in profit or loss.

**Financial liabilities at amortized cost:** This category comprises liabilities initially recognized at fair value less directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method. The 'effective interest rate' is the rate that discounts estimated future cash payments over the expected life of the financial instrument to the amortized cost of the financial liability. The effective interest rate is calculated considering all contractual terms of the financial instruments. Interest expense is reported in profit or loss.

### c) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of financial liability or financial asset.

# **NORTHERN SILICON INTERNATIONAL INC.**

Notes to the Consolidated Financial Statements

For The Years Ended July 31, 2024 and 2023

(Expressed in Canadian Dollars)

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## **3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)**

Common shares and special warrants issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

### **d) Share-based Payments**

The Company's stock option plan allows the Company's directors, officers, employees, and consultants to be granted options to acquire shares of the Company. The fair value of options granted is recognized as share-based payments expense with a corresponding increase in reserves. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from reserves to share capital.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest. The recognized values of expired, forfeited and cancelled options and warrants are transferred to deficit.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the Company as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

### **e) Earning (loss) per Share**

The Company presents basic earnings (loss) per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share adjusts the weighted average number of common shares outstanding by assuming that outstanding stock options and share purchase warrants have been exercised at the beginning of the period and proceeds from dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. Diluted loss per share equals basic loss per share, as the assumed conversion of outstanding common share options and warrants have an anti-dilutive impact.

# **NORTHERN SILICON INTERNATIONAL INC.**

Notes to the Consolidated Financial Statements

For The Years Ended July 31, 2024 and 2023

(Expressed in Canadian Dollars)

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## **3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)**

### **f) Income Taxes**

Current income tax assets and liabilities for the period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### **g) New Accounting Standards Not Yet Adopted**

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

# NORTHERN SILICON INTERNATIONAL INC.

Notes to the Consolidated Financial Statements

For The Years Ended July 31, 2024 and 2023

(Expressed in Canadian Dollars)

## 4. LOANS PAYABLE AND RELATED PARTY TRANSACTIONS

### Loans payable

	Principal	Accrued Interest	Total
<b>Balance at July 31, 2022</b>	\$ -	\$ -	\$ -
Loans advanced	30,000	-	30,000
Accrued interest	-	1,745	1,745
<b>Balance at July 31, 2023</b>	30,000	1,745	31,745
Loans advanced	34,530	-	34,530
Accrued interest	-	3,898	3,898
<b>Balance at July 31, 2024</b>	<b>\$ 64,530</b>	<b>\$ 5,643</b>	<b>\$ 70,173</b>

During the year ended July 31, 2023, five (5) creditors loaned the Company an aggregate of \$30,000. The loans bear interest at 7.5% per annum, are due on demand, provided such demand is not made prior to the earlier of i) six months from the date of the first advance; and ii) the Company having raised sufficient funds through an equity offering to repay the loans, and are unsecured. The Company may repay the loans, in whole or in part, at any time and from time to time.

During the year ended July 31, 2024, three of the five creditors became officers and/or directors of the Company.

During the year ended July 31, 2024, one of the creditors, who is not a current officer and/or director, but who has significant influence as a result of holding 23.52% of the Company's common shares, loaned the Company an additional \$19,530.

During the year ended July 31, 2024, three of the five creditors, who are all officers and/or directors of the Company, loaned the Company a further \$5,000 each for a total of \$15,000.

### Related Party Transactions

Parties are considered to be related if one party has the direct or indirect ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of services, obligations or resources between related parties.

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

There was no key management personnel compensation incurred during the years ended July 31, 2024 and 2023.

Of the \$3,898 (2023 - \$1,745) accrued interest incurred, \$3,331 (2023 - \$1,326) was incurred to officers, directors, and a creditor with significant influence as a result of holding 23.52% of the Company's common shares.

# **NORTHERN SILICON INTERNATIONAL INC.**

Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

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## **5. SHARE CAPITAL**

### **a) Common shares**

The Company's authorized share capital is an unlimited number of common shares with no par value.

### **b) Special warrants**

As at July 31, 2024 and 2023, there are 55,000 special warrants outstanding.

The terms of the special warrants, as originally issued, provided that each special warrant was convertible for one common share in the capital of the Company. Any unexercised special warrants will be deemed to be exercised on that day which is the earlier of a) the first business day following the day on which a receipt for a final prospectus has been issued by or on behalf of the last of the securities regulatory authorities in the Province of British Columbia and in such other jurisdictions as may be determined by the Company qualifying the distribution of the common shares to be issued upon exercise of the special warrants; and b) the tenth anniversary of the date of the holder's special warrant certificate.

During the year ended July 31, 2023, holders of 3,663,500 of the 3,718,500 special warrants entered into amending agreements with the Company, whereby the special warrants were exchanged for 3,663,500 common shares of Company's wholly owned subsidiary, Northern Silicon Inc. ("Subco"), leaving 55,000 special warrants outstanding as at July 31, 2023.

As a result of 3,663,500 special warrants being exchanged for 3,663,500 common shares of Subco, on May 11, 2023 ownership control of Subco was effectively transferred to the special warrant holders. As such, Subco is no longer a subsidiary of the Company as at July 31, 2023. The extinguishment of the 3,663,500 special warrants having a value of \$266,350 in exchange for common shares of Subco, having a fair value of \$Nil, corresponds to a gain on disposal of subsidiary recognized in profit or loss.

### **c) Stock options**

The Company adopted an incentive stock option plan (the "Option Plan"). The maximum number of shares reserved for issuance upon exercise of options granted shall not exceed 10% of the issued and outstanding common shares of the Company from time to time. The option period shall not exceed 10 years from the date of grant.

Under the Option Plan, the subscription price in respect of any option shall be set in accordance with any applicable stock exchange policies, or, if the Company's shares are not listed on a stock exchange, shall not be less than the fair market value of the Company's shares as determined by directors' resolution, or (ii) the price per share of the Company's most recent financing, or (iii) if the Company's most recent financing consisted of the issuance of securities convertible or exchangeable into common shares, the price per share if all such securities had, immediately after closing of the financing, been converted or exchanged into shares. Vesting requirements with respect to options may be imposed by the directors.

As at July 31, 2024 and 2023, nil stock options are outstanding.

# NORTHERN SILICON INTERNATIONAL INC.

Notes to the Consolidated Financial Statements

For The Years Ended July 31, 2024 and 2023

(Expressed in Canadian Dollars)

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## 5. SHARE CAPITAL (cont'd)

### d) Earnings (loss) per share

	Year ended July 31, 2024	Year ended July 31, 2023
Numerator:		
Net earnings (loss)	\$ (32,705)	\$ 237,169
Denominator:		
Weighted average number of common shares (basic)	9,439,094	9,439,094
Dilutive effect of special warrants	-	55,000
Weighted average number of common shares (diluted)	9,439,094	9,494,094
Basic and diluted earnings (loss) per share	\$ (0.00)	\$ 0.03

## 6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure.

These risks include liquidity risk, credit risk, and market risk. Where material, these risks are reviewed and monitored by the Board of Directors.

### a) Capital management

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the items included in shareholders' deficiency as capital, which totaled a deficiency of \$79,169 at July 31, 2024 (2023 – deficiency of \$46,464). The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through prospectuses, private placements, sell assets or incur debt. As at July 31, 2024, the Company is not subject to externally imposed capital requirements. During the year ended July 31, 2024 there were no changes to the Company's approach to the management of capital.

# **NORTHERN SILICON INTERNATIONAL INC.**

Notes to the Consolidated Financial Statements

For The Years Ended July 31, 2024 and 2023

(Expressed in Canadian Dollars)

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## **6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)**

### **b) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due. Such strategies include identifying and evaluating strategic and restructuring alternatives that may be available to improve the Company's working capital position, continuously monitoring forecast and actual cash flows and financing activities.

As at July 31, 2024, the Company's undiscounted cash requirement to settle its financial liabilities is \$81,822 (2023 - \$53,196), which are due on normal trade terms or on demand.

The Company has no business income. As such, in order to improve the Company's working capital position, the Company will need to issue equity and/or secure debt financing. While the Company has been successful in obtaining additional sources of funding in the past, there can be no assurance that it will be able to do so in the future (note 1). The Company's exposure to and management of liquidity risk has not changed materially from that of the prior year.

### **c) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality Canadian financial institutions. The carrying amount of financial assets represents the maximum credit exposure. The Company's exposure to and management of credit risk has not changed materially from that of the prior year.

### **d) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company's exposure to and management of market risk has not changed materially from that of the prior year.

#### **i) Currency risk**

Currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. During the year ended July 31, 2024, the Company did not have any financial assets or liabilities denominated in foreign currencies and did not engage in any transactions denominated in a foreign currency.

# NORTHERN SILICON INTERNATIONAL INC.

Notes to the Consolidated Financial Statements

For The Years Ended July 31, 2024 and 2023

(Expressed in Canadian Dollars)

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## 6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

### ii) Interest rate risk

Interest rate risk is 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 July 31, 2024, the Company has \$70,173 in loans outstanding that bear interest at 7.5% per annum (Note 4). The Company had no interest rate swaps as at or during the year ended July 31, 2024.

### ii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Company has no material other price risk at July 31, 2024.

### e) Fair values

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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 fair value of cash is measured based on level 1 inputs of the fair value hierarchy.

The fair value of the Company's accounts payable and accrued liabilities approximates their carrying values due to their short-term nature and the carrying value of the loans payable approximate fair value as they bear a market rate of interest.

# NORTHERN SILICON INTERNATIONAL INC.

Notes to the Consolidated Financial Statements

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## 7. INCOME TAXES

Tax expense differs from the amount computed by applying the combined Canadian federal and provincial income tax rates, applicable to the Company, to the income (loss) before income taxes due to the following:

	Year ended July 31, 2024	Year ended July 31, 2023
Earnings (loss) before income taxes	\$ (32,705)	\$ 237,169
Canadian federal and provincial income tax rate	27.0%	27.0%
Income tax expense (recovery) based on Canadian federal and provincial income tax rates	(8,800)	64,000
Increase (decrease) in income taxes attributable to:		
Non-deductible expenses	700	(36,000)
Tax benefits not recognized (recognized)	8,100	(28,000)
Income tax (recovery)	\$ -	\$ -

Unrecognized deductible temporary differences and unused tax losses after applying enacted corporate income tax rates are attributable to the following:

	July 31, 2024	July 31, 2023
Non-capital loss carry forwards	\$ 19,000	\$ 32,000
Finance charges	1,000	-
	20,000	32,000
Less: tax benefits not recognized	(20,000)	(32,000)
	\$ -	\$ -

At July 31, 2024, the Company's non-capital losses carry forward are approximately \$71,000 and expire between July 31, 2041 to 2044.

## 8. SEGMENTED INFORMATION

At July 31, 2024, the Company has one reportable operating segment. All of the Company's assets are located in Canada. An operating segment is defined as a component of the Company:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's chief operating decision maker; and
- for which discrete financial information is available.