

STAGE CAPITAL CORP.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 and 2023
(Expressed in Canadian Dollars)



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Stage Capital Corp.:

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its 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 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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the 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 Discussion and Analysis filed with the relevant Canadian securities commissions.

Our opinion on the financial statements does not cover the other information and we do not 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 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 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.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
March 31, 2025

STAGE CAPITAL CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

| | Note | December 31, 2024 | December 31, 2023 |
|--|------|--------------------|---------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash | | \$ 9,280 | \$ 51,638 |
| Receivables | | 1,065 | 1,384 |
| | | <u>10,345</u> | <u>53,022</u> |
| Investment | 4 | <u>1</u> | <u>1,500,000</u> |
| | | <u>\$ 10,346</u> | <u>\$ 1,553,022</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY) | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 6 | \$ 343,851 | \$ 318,669 |
| Promissory note payable and accrued interest | 6 | 32,601 | - |
| | | <u>376,452</u> | <u>318,669</u> |
| SHAREHOLDERS' EQUITY (DEFICIENCY) | | | |
| Share capital | 5 | 6,550,010 | 6,550,010 |
| Accumulated deficit | | <u>(6,916,116)</u> | <u>(5,315,657)</u> |
| | | <u>(366,106)</u> | <u>1,234,353</u> |
| | | <u>\$ 10,346</u> | <u>\$ 1,553,022</u> |

Nature of operations (Note 1)

On behalf of the Board of Directors:

“Garth Braun” Director
“Ron Schmitz” Director

The accompanying notes are an integral part of these financial statements

STAGE CAPITAL CORP.

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED DECEMBER 31

| | Note | 2024 | 2023 |
|---|------|-----------------------|---------------------|
| EXPENSES | | | |
| Consulting fees | 6 | \$ 18,116 | \$ 28,752 |
| Director's fees | 6 | 12,000 | 12,000 |
| Interest on promissory note | 6 | 2,601 | - |
| Office costs | | 625 | 677 |
| Professional fees | 6 | 39,611 | 38,464 |
| Registration and filing fees | | 2,735 | 3,409 |
| Shareholder costs | | 20,987 | 22,730 |
| Transfer agent | | 3,785 | 4,286 |
| | | <u>(100,460)</u> | <u>(110,318)</u> |
| OTHER ITEMS | | | |
| Fair value adjustment on investment | 4 | <u>(1,499,999)</u> | <u>(678,427)</u> |
| | | (1,499,999) | (678,427) |
| Net loss and comprehensive loss | | \$ (1,600,459) | \$ (788,745) |
| Basic and diluted loss per common share | | \$ (0.19) | \$ (0.09) |
| Weighted average number of common shares outstanding | | 8,585,876 | 8,585,876 |

The accompanying notes are an integral part of these financial statements

STAGE CAPITAL CORP.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

(Expressed in Canadian Dollars)

FOR THE YEAR ENDED DECEMBER 31

| | Number of Shares | Share Capital | Accumulated Deficit | Shareholders' Equity (Deficiency) |
|--|---------------------|---------------------|------------------------|---|
| Balance, December 31, 2022 | 8,585,876 | \$ 6,550,010 | \$ (4,526,912) | \$ 2,023,098 |
| Net loss and comprehensive loss for the year | | - | (788,745) | (788,745) |
| Balance, December 31, 2023 | 8,585,876 | 6,550,010 | (5,315,657) | 1,234,353 |
| Net loss and comprehensive loss for the year | - | - | (1,600,459) | (1,600,459) |
| Balance, December 31, 2024 | 8,585,876 | \$ 6,550,010 | \$ (6,916,116) | \$ (366,106) |

The accompanying notes are an integral part of these financial statements

STAGE CAPITAL CORP.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31

| | 2024 | 2023 |
|---|----------------------|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net loss for the year | \$ (1,600,459) | \$ (788,745) |
| Items not affecting cash: | | |
| Fair value adjustment on investment | 1,499,999 | 678,427 |
| Interest accrued on promissory note | 2,601 | - |
| Changes in non-cash working capital items: | | |
| Receivables | 319 | (320) |
| Accounts payable and accrued liabilities | 25,182 | 53,695 |
| Net cash used in operating activities | <u>(72,358)</u> | <u>(56,943)</u> |
| CASH FLOWS FROM FINANCING ACTIVITY | | |
| Proceeds from promissory note issued | <u>30,000</u> | <u>-</u> |
| Net cash provided by financing activity | <u>30,000</u> | <u>-</u> |
| Change in cash for the year | (42,358) | (56,943) |
| Cash, beginning of the year | <u>51,638</u> | <u>108,581</u> |
| Cash, end of the year | \$ 9,280 | \$ 51,638 |
| Cash paid during the year for interest | \$ - | \$ - |
| Cash paid during the year for income taxes | \$ - | \$ - |

Supplemental disclosure with respect to cash flows (Note 9)

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS

Stage Capital Corp. (the “Company”) was originally incorporated under the Business Corporations Act (Alberta) on December 24, 2018. Effective July 7, 2021, the Company changed its name from Stage Holdco Ltd. to Stage Capital Corp. and was continued into British Columbia from Alberta under the Business Corporation Act (British Columbia). The Company was formed as part of a merger of Blackbird Energy Inc. (“Blackbird”) and Pipestone Oil Corp. (“Pipestone Oil”), resulting in Pipestone Energy Corp. (“Pipestone Energy”). As part of that arrangement, Blackbird’s interest in Stage Completions Inc. (“SC”) (Note 4) was distributed to the Company on January 4, 2019 at which time the Company became a reporting issuer. The Company’s principal business activity is its interest in an energy technology entity with a goal to acquire and develop other technologies.

The Company’s registered and records office is located at Suite 501 – 3292 Production Way, Burnaby, BC, Canada, V5A 4R4. The Company’s head office is located at Suite 250, 750 West Pender Street, Vancouver, BC, Canada, V6C 2T7.

2. BASIS OF PRESENTATION

i) Statement of Compliance

These financial statements are prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These financial statements were authorized for issue by the Board of Directors on March 31, 2025.

ii) Basis of Measurement

These financial statements have been prepared on a historical cost basis, except certain financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The financial statements are presented in Canadian dollars unless otherwise noted.

iii) Going Concern of Operations

These financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. As at December 31, 2024, the Company has a working capital deficiency of \$366,107 (2023 - \$265,647), accumulated deficit of \$6,916,116 (2023 - \$5,315,657), limited financial resources and no source of revenue to sustain operations for the foreseeable future. These conditions indicate a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the reporting period. Estimates and underlying assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Estimate

Valuation of investment

The fair value of the investment cannot be derived from an active market and as such management used estimates and judgement to establish fair value.

Judgement

Accounting for Investment

As described in Note 4 the Company used its judgement to conclude that it does not have significant influence over SC and therefore equity accounting is not required.

Financial instruments

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument.

Financial assets

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments and contractual cash flow characteristics of the financial asset.

The Company classifies its financial assets in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (FVTOCI), or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

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

Financial instruments (cont'd...)

The Company's accounting policy for each of the categories is as follows:

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value. Realized and unrealized gains and losses arising from changes in the fair value of financial assets held at FVTPL are included in profit or loss in the period.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income.

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 date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

The Company has classified its cash and investment at FVTPL.

Impairment of financial assets at amortized cost: The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

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

Financial liabilities at amortized cost: This category includes accounts payable and accrued liabilities and promissory note payable which are recognized at amortized cost using the effective interest method.

Transaction costs in respect of financial instruments at FVTPL are recognized in profit or loss, while transaction costs associated with all other financial instruments are included in the initial measurement of the financial instrument.

Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years

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

Income taxes (cont'd...)

Deferred tax is recognized by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference 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.

Foreign currency translation

The financial statements are presented in Canadian dollars. The functional currency of the Company is the Canadian dollar.

Transactions in foreign currencies are translated into the Company's functional currency at the exchange rates at the date of the transactions. Monetary assets and liabilities of the Company's operations denominated in a currency other than the functional currency are translated using the exchange rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates in effect at the date of the underlying transaction, except for depreciation related to non-monetary assets, which is translated at historical exchange rates. Exchange differences are recognized in profit or loss in the year in which they occur.

Income (loss) per share

Basic income (loss) per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted income (loss) per share is computed similar to basic income (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.

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

Standards adopted during the year

IAS 1 Presentation of Financial Statements was amended by the IASB in January 2020. The amendments clarify the criterion for classifying a liability as non-current relating to the right to defer settlement of the liability for at least 12 months after the reporting period.

IAS 1, Presentation of Financial Statements has been revised to incorporate the amendments issued by the IASB in October 2022. The amendments require an entity to disclose, in specified circumstances, information in the notes that enables financial statement users to understand the risk that non-current liabilities with covenants could become repayable within 12 months after the reporting period.

The adoption of these changes do not have a material impact on the Company's financial statements.

Standards and interpretations issued but not yet effective

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements. This standard aims to improve the consistency and clarity of financial statement presentation and disclosures by providing updated guidance on the structure and content of financial statements. Key changes include enhanced requirements for the presentation of financial performance, financial position, and cash flows, as well as additional disclosures to improve transparency and comparability. In addition, IFRS 18 requires entities to classify income and expenses into five categories, three of which are new – i.e. operating, investing and financing – and the income tax and discontinued operation categories. The new standard sets out detailed requirements for classifying income and expenses into each category. These amendments are effective for annual periods beginning on or after January 1, 2027. The Company is currently assessing the impact that the adoption of IFRS 18 will have on its financial statements.

4. INVESTMENT

The Company has a 10% equity interest in SC, a private Canadian technology and services company in the oil and gas industry. The ownership in SC resulted as part of the arrangement between Blackbird and Pipestone Oil completed on January 4, 2019 to form Pipestone Energy.

As part of the arrangement, Blackbird distributed its 10% interest in SC to the Company in exchange for 8,585,850 common shares of the Company that were distributed to the former shareholders of Blackbird. The 10% interest was distributed at a fair value of \$6,550,000. Pursuant to the arrangement, 175,188,092 Listed Warrants were also issued. The Listed Warrants expired unexercised during the fiscal year ended December 31, 2021.

Given its ownership position and other relationships with SC, the Company considered if equity accounting was required. The Company's security holdings in SC are for investment purposes only. The Company does not intend to participate in policy making. The Company did not receive any contractual entitlement to have a nominee appointed to the board of directors of SC as a result of the investment. The Company and SC do however have a common director from previous appointments. To ensure that the Company will not act jointly or in concert with any common directors/officers in connection with the holding or voting of its securities in SC, the individual has declared their conflict and has abstained from past voting when applicable and will continue to abstain from voting as a board member on any matters related to SC and the Company which may arise. Given these factors, the Company concluded that it did not have significant

4. INVESTMENT (cont'd...)

influence and therefore the equity method of accounting was not appropriate. Accordingly, the investment in SC has been accounted for at FVTPL since the acquisition.

During the year ended December 31, 2020, SC completed a multi-step financing and internal reorganization transaction, upon completion of which the Company held, directly and indirectly, a 6.43% continuing equity interest in Stage Completions LP, the parent entity of the SC group. The transaction terms included a sale by the Company and other existing SC investors, on a proportionate basis, of a portion of their SC equity holdings as well as an issue of new equity by Stage Completions LP to raise additional capital.

During the year ended December 31, 2024, the Company recorded a fair value adjustment of \$1,499,999 (2023 - \$678,427) on its investment in SC due to a decline in sales projections in SC. As at December 31, 2024, the value of the investment in SC is \$1 (2023 - \$1,500,000). The Company's continuing interest in SC remains at 5.05% (2023 - 5.05%).

5. SHARE CAPITAL

The Company has authorized an unlimited number of common shares and preferred shares.

The Company did not issue any common shares during the years ended December 31, 2024 and 2023.

6. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having the authority and responsibility for planning, directing and controlling activities of the Company as a whole. Key management personnel includes members of the Board, the Chief Executive Officer and the Chief Financial Officer. The Company entered into the following transactions with related parties during the years ended December 31, 2024 and 2023.

- i) Paid or accrued \$12,000 (2023 - \$12,000) in consulting fees to a company controlled by the Chief Executive Officer / director of the Company.
- ii) Paid or accrued \$12,000 (2023 - \$12,000) in director's fees to a director of the Company.
- iii) Paid or accrued \$19,120 (2023 - \$14,720) in professional fees consisting of \$19,120 (2023 - \$14,720) for accounting and administration fees to a company controlled by a director of the Company.

Included in accounts payable and accrued liabilities is \$325,780 (2023 - \$281,104) due to directors and companies controlled by directors. The amounts are non-interest bearing, unsecured and without terms of repayment.

During the year ended December 31, 2024, the Company received a loan of \$30,000 from a company controlled by a director of the Company by issuing a promissory note payable at an interest rate of 15% per annum. The promissory note and any accrued interest are payable on demand. As at December 31, 2024, interest of \$2,601 (2023 - \$Nil) was accrued on the promissory note payable.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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 the Company's accounts payable and accrued liabilities, and promissory note payable approximate their carrying value due to the short-term nature. Cash is measured at fair value using Level 1 inputs. The investment is measured at fair value using Level 3 inputs for fiscal 2024 and fiscal 2023.

Fair value of the investment was measured using unobservable market inputs with the best information available at the time. The Company used estimates and judgement to establish fair value. The estimates used by the Company are subject to uncertainty due to SC's short operating history with operating losses.

The Company is exposed in varying degrees of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) 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 primary exposure to credit risk is on its cash held in bank accounts. The Company has deposited the cash with its bank from which management believes the risk of loss is remote. The Company's exposure to and management of credit risk has not changed materially from that of the prior year.

(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 that it will have sufficient liquidity to meet liabilities when due. Accounts payable and accrued liabilities and promissory note payable are due within the current operating period. The Company's exposure to and management of liquidity risk has not changed materially from that of the prior year.

(c) Market risk

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 objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company's exposure to and management of market risk has not changed materially from that of the prior year.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

i) *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's functional and presentation currency is the Canadian dollar. Certain expenditures are transacted in USD. As a result, the Company is exposed to fluctuations in these foreign currencies relative to the Canadian dollar. As at December 31, 2024, the Company's investment in SC is US\$1. A 10% change in the exchange rate will not result in a material change in profit or loss.

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. The Company is exposed to interest rate risk, from time to time, on its cash balances. Interest earned on cash is at nominal interest rates and therefore, the Company does not consider interest rate risk to be material.

iii) *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 currency or interest rate risk, whether due to movements in individual equity prices or general movements in the level of the stock market. The other price risk associated with the Company's current investment primarily relates to the change in the market price of the investment in SC. As at December 31, 2024, a 10% change in the market price of the Company's investment would not have a material impact on profit or loss. Management believes there is other price risk related to this investment.

8. CAPITAL MANAGEMENT

The Company defines its capital as shareholders' equity. At December 31, 2024 the Company's capital deficiency was \$366,106 (2023 – equity of \$1,234,353). The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company may invest its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns on unused capital. The Company does not pay dividends. The Company is not subject to any externally imposed capital requirements.

The Company raises capital to fund its corporate and other obligations through the sale of its common shares or units consisting of common shares and warrants in order to operate its business and safeguard its ability to continue as a going concern. There have been no changes to the Company's approach to capital management during the year ended December 31, 2024.

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the years ended December 31, 2024 and December 31, 2023 there were no non-cash investing or financing activities.

STAGE CAPITAL CORP.
NOTES TO FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
DECEMBER 31, 2024

10. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

| For the year ended December 31, | 2024 | 2023 |
|---|----------------|--------------|
| Net loss for the year | \$ (1,600,459) | \$ (788,745) |
| Expected income tax (recovery) at statutory rates | \$ (432,000) | \$ (213,000) |
| Non-deductible, non-taxable items | 197,000 | 77,000 |
| Change in unrecognized deductible temporary differences | 235,000 | 136,000 |
| Total income expense (recovery) | \$ - | \$ - |

The significant components of the Company's deferred tax assets that have not been included on the statement of financial position are as follows:

| December 31, | 2024 | 2023 |
|---|-------------|------------|
| Deferred tax assets (liabilities) | | |
| Investment in securities | \$ 887,000 | \$ 684,000 |
| Allowable capital losses | 7,000 | 7,000 |
| Non-capital losses available for future period | 187,000 | 155,000 |
| | 1,081,000 | 846,000 |
| Change in unrecognized deductible temporary differences | (1,081,000) | (846,000) |
| Net deferred tax assets | \$ - | \$ - |

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

| | 2024 | Expiry Date Range | 2023 | Expiry Date Range |
|------------------------------------|------------|----------------------|------------|----------------------|
| Non-capital losses carried forward | \$ 691,000 | 2039 to 2043 | \$ 573,000 | 2039 to 2043 |
| Allowable capital losses | 27,000 | No expiry | 27,000 | No expiry |
| Investment in securities | 6,570,000 | No expiry | 5,070,000 | No expiry |

Tax attributes are subject to review, and potential adjustment, by tax authorities.

11. SEGMENTED INFORMATION

As at December 31, 2024, the Company has one reportable operating segment being the investment. All of the Company's tangible assets are located in Canada. The investment in SC is in a company that is resident in the United States.

An operating segment is defined as a component of a company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are reviewed regularly by the company's management and for which discrete financial information is available.