

**VOLT CARBON TECHNOLOGIES INC.**

**Audited Consolidated Financial Statements**

**for the years ended October 31, 2024 and October 31, 2023**

## MANAGEMENT'S REPORT TO THE SHAREHOLDERS

The accompanying consolidated financial statements have been prepared by management and approved by the Board of Directors of the Company. Management is responsible for the information and representations contained in these consolidated financial statements and the accompanying Management's Discussion and Analysis. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The significant accounting policies followed by the Company are set out in *Note 3* to the consolidated financial statements.

To assist management in discharging these responsibilities, the Company maintains a system of procedures and internal controls which are designed to provide reasonable assurance that its assets are safeguarded, that transactions are executed in accordance with management's authorization, and that the financial records form a reliable base for preparation of accurate and timely financial information.

The Company's external auditors are appointed by the Company's Audit Committee. They independently perform the necessary tests of accounting records and procedures to enable them to report their opinion on whether the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

The Board of Directors ensures that management fulfills its responsibilities for financial reporting and internal control. The Board of Directors exercises this responsibility through an Audit Committee. The Audit Committee has reviewed and discussed the consolidated financial statements, including the notes thereto, with management and the external auditors. The consolidated financial statements have been approved by the Board of Directors on the recommendation of the Audit Committee.

"V-Bond Lee"  
V-Bond Lee  
Chief Executive Officer

"Carmelo Marrelli"  
Carmelo Marrelli  
Chief Financial Officer

## Independent Auditors' Report

To: The Shareholders of **Volt Carbon Technologies Inc.**

### Opinion

We have audited the consolidated financial statements of Volt Carbon Technologies Inc. and its subsidiary, Solid Ultra Battery Ltd. (collectively, the "Company"), which comprise the consolidated statements of financial position as at October 31, 2024 and 2023 and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Material Uncertainty Related to Going Concern

We draw attention to Note 2(a) to the consolidated financial statements which indicate that at October 31, 2024 the Company has incurred a loss from operations of \$1,840,297, has a working capital deficit of \$855,731 negative cash flow from operations of \$1,057,405 and an accumulated deficit of \$31,564,174. This condition, along with other matters as set forth in Note 2(a), indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

### 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 Auditors' 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.

### 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 period and not otherwise addressed in our report. These matters were 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 these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section of our report, we have determined the matter described below to be the key audit matter to be communicated in our auditors' report.

### Impairment assessment for non-current assets

#### *Description of the matter:*

As reported in the statement of financial position and notes 7,8 and 10, as at December 31, 2024 the carrying value of mineral exploration and evaluation assets is \$963,342, intangible asset is \$1,437,468, and equipment is \$748,988; and the accounting policy as described in note 3(e) is to assess, at the end of the reporting period, whether there are indicators of impairment and if indicators exist, to assess whether the recoverable amounts are in excess of carrying values.

## Independent Auditors' Report (continued)

### *Why the matter is a key audit matter:*

We determined that this is a key audit matter due to the relative significance of the carrying values to the Company's statement of financial position and due to the judgements required in making the assessment.

### *How the matter was addressed in the audit:*

We discussed with management any potential indicators of impairment and reviewed management's impairment assessment and the basis for its conclusions, including the absence of any significant adverse changes; information was corroborated by reviewing mineral claim records, board minutes, consulting invoices and agreements relating to research activities.

### Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in 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 identified above 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 auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' 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 these financial statements in accordance with International Financial Reporting 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.

### Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' 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 judgement 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.

Independent Auditors' Report (continued)

- 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 auditors' 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 auditors' 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, regarding, among other matters, the planned scope and timing of the 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 period and are therefore key audit matters. We describe these matters in our auditors' 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 Auditors' report is Roland A. Bishop, CPA, CA.



Chartered Professional Accountants

February 25, 2025  
Calgary, Alberta

**VOLT CARBON TECHNOLOGIES INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
*(Expressed in Canadian Dollars)*

	<b>As at October 31, 2024</b>	<b>As at October 31, 2023</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 176,990	\$ 72,690
Accounts receivable (Note 6)	20,389	16,629
Prepaid expenses	6,448	4,875
Marketable securities (Note 11)	96,000	-
	299,827	94,194
<b>Term deposits</b> (Note 18)	61,000	62,854
<b>Equipment</b> (Note 7)	748,988	873,805
<b>Mineral exploration and evaluation assets</b> (Note 8)	963,342	954,869
<b>Right-of-use assets</b> (Note 9)	767,919	912,457
<b>Intangible asset</b> (Note 10)	1,437,468	1,437,468
	\$ 4,278,544	\$ 4,335,647
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 12)	\$ 882,583	\$ 719,881
Current portion of notes payable (Note 13)	99,925	237,000
Current portion of lease liabilities (Note 9)	99,017	119,696
Deferred revenue	25,000	75,000
Other liabilities (Note 14)	49,033	-
	1,155,558	1,151,577
<b>Notes payable</b> (Note 13)	219,694	-
<b>Lease liabilities</b> (Note 9)	770,064	869,081
	2,145,316	2,020,658
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 15)	30,221,990	28,920,117
Warrants (Note 15)	94,305	67,125
Contributed surplus	3,381,107	3,051,624
Deficit	(31,564,174)	(29,723,877)
	2,133,228	2,314,989
	\$ 4,278,544	\$ 4,335,647

**Going concern** (Note 2(a))  
**Commitments** (Note 21)  
**Subsequent events** (Note 25)

*See accompanying notes*

On behalf of the Board of Directors:

**"V-Bond Lee"**

Director

**"Glen Nursey"**

Director

**VOLT CARBON TECHNOLOGIES INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
*(Expressed in Canadian Dollars)*

	Year ended October 31, 2024	Year ended October 31, 2023
<b>Revenue</b>	\$ 75,537	\$ 25,000
	75,537	25,000
<b>Expenses</b>		
Consulting fees	\$ 435,279	\$ 619,490
Impairment of mineral exploration and evaluation assets	320,783	-
Stock-based compensation (Note 15)	303,214	140,858
Amortization on equipment (Note 7)	158,087	158,694
Amortization on right-of-use assets (Note 9)	144,538	168,058
Salaries and benefits	138,854	140,436
Office and general	133,256	137,353
Research expenses	130,274	82,271
Rent and occupancy	98,679	92,804
Professional fees	73,757	163,294
Regulatory and filing fees	63,279	57,171
Interest on lease liabilities (Note 9)	56,018	62,353
Loan interest and bank charges	18,696	8,301
Investor relations	17,395	27,755
Exploration	-	14,040
Loss on foreign exchange	-	659
Reversal of accrued payable	(27,355)	-
Gain on disposal of equipment	(43,961)	-
Gain on settlement of accounts payable (Note 24)	-	(258,248)
	2,020,793	1,615,289
<b>Loss before income tax recovery</b>	(1,945,256)	(1,590,289)
<b>Income tax recovery</b> (Note 14)	104,959	-
<b>Loss and comprehensive loss</b>	\$ (1,840,297)	\$ (1,590,289)
<b>Loss per share - basic and diluted</b>	\$ (0.010)	\$ (0.009)
<b>Weighted average number of shares outstanding - basic and diluted</b> (Note 15(a))	192,991,860	172,259,081

*See accompanying notes*

**VOLT CARBON TECHNOLOGIES INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
*(Expressed in Canadian Dollars)*

	Number of shares	Share Capital	Warrants	Contributed Surplus	Deficit	Total
<b>Balance at November 1, 2022</b>	153,377,532	\$ 26,852,937	\$ -	\$ 3,165,923	\$ (28,133,588)	\$ 1,885,272
Private placements of common shares	9,999,999	700,000	-	-	-	700,000
Private placements of units	6,712,500	469,875	67,125	-	-	537,000
Shares issued due to exercise of warrants	4,452,500	222,625	-	-	-	222,625
Shares issued due to exercise of options	1,880,000	522,457	-	(255,157)	-	267,300
Shares issued due to shares for debt exchange	2,843,371	241,686	-	-	-	241,686
Share issuance costs	-	(89,463)	-	-	-	(89,463)
Stock-based compensation	-	-	-	140,858	-	140,858
Loss and comprehensive loss	-	-	-	-	(1,590,289)	(1,590,289)
<b>Balance, October 31, 2023</b>	<b>179,265,902</b>	<b>\$ 28,920,117</b>	<b>\$ 67,125</b>	<b>\$ 3,051,624</b>	<b>\$ (29,723,877)</b>	<b>\$ 2,314,989</b>
<b>Balance at November 1, 2023</b>	<b>179,265,902</b>	<b>\$ 28,920,117</b>	<b>\$ 67,125</b>	<b>\$ 3,051,624</b>	<b>\$ (29,723,877)</b>	<b>\$ 2,314,989</b>
Private placements of units	16,339,730	1,346,801	27,180	-	-	1,373,981
Private placements of shares	5,556,112	250,025	-	-	-	250,025
Shares issued due to exercise of options	750,000	66,502	-	(29,002)	-	37,500
Flow-through share premium (Note 14)	-	(153,992)	-	-	-	(153,992)
Share issuance costs	-	(207,463)	-	55,271	-	(152,192)
Stock-based compensation	-	-	-	303,214	-	303,214
Loss and comprehensive loss	-	-	-	-	(1,840,297)	(1,840,297)
<b>Balance, October 31, 2024</b>	<b>201,911,744</b>	<b>\$ 30,221,990</b>	<b>\$ 94,305</b>	<b>\$ 3,381,107</b>	<b>\$ (31,564,174)</b>	<b>\$ 2,133,228</b>

See accompanying notes

**VOLT CARBON TECHNOLOGIES INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
*(Expressed in Canadian Dollars)*

	Year ended October 31, 2024	Year ended October 31, 2023
<b>Cash flows used in operating activities</b>		
Loss and comprehensive loss	\$ (1,840,297)	\$ (1,590,289)
Items not involving cash:		
Amortization on equipment	158,087	158,694
Amortization on right-of-use assets	144,538	168,058
Stock-based compensation	303,214	140,858
Gain on disposal of equipment	(43,961)	-
Gain on settlement of accounts payable	-	(258,248)
Impairment of mineral exploration and evaluation assets	320,783	-
Interest on lease liabilities	56,018	62,353
Change in flow-through share premium	(104,959)	-
	(1,006,577)	(1,318,574)
<b>Changes in non-cash working capital items:</b>		
Accounts receivable	(3,760)	22,161
Prepaid expenses	(1,573)	17,785
Accounts payable and accrued liabilities	4,505	16,582
Interest payable	-	(5,709)
Deferred revenue	(50,000)	75,000
	(1,057,405)	(1,192,755)
<b>Cash flows used in investing activities</b>		
Purchase of equipment	(65,309)	(75,142)
Proceeds from sale of equipment	76,000	-
Purchase of exploration and evaluation assets	(425,256)	-
Purchase of intangible assets	-	(11,581)
<b>Changes in non-cash working capital items:</b>		
Accounts payable and accrued liabilities	158,196	-
	(256,369)	(86,723)
<b>Cash flows from financing activities</b>		
Issuance of units	1,373,981	1,237,000
Issuance of shares	250,025	-
Exercise of warrants	-	222,625
Exercise of options	37,500	-
Share issuance costs	(152,192)	(89,463)
Proceeds of notes payable	228,000	287,000
Repayment of notes payable	(145,380)	(184,000)
Term deposit	1,854	(1,645)
Payments on lease liability obligation	(175,714)	(191,437)
	1,418,074	1,280,080
<b>Increase in cash</b>	104,300	602
<b>Cash, beginning of year</b>	72,690	72,088
<b>Cash, end of year</b>	\$ 176,990	\$ 72,690

See accompanying notes

**VOLT CARBON TECHNOLOGIES INC.**  
**Notes to the consolidated financial statements**  
**(Expressed in Canadian Dollars)**  
**October 31, 2024 and 2023**

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**1. CORPORATE INFORMATION AND NATURE OF OPERATIONS**

Volt Carbon Technologies Inc. (the “Company”) is incorporated provincially in Alberta, and extra provincially in Saskatchewan, Manitoba, Quebec and British Columbia has shares listed on the TSX Venture Exchange (“TSX-V”). The Company’s registered office is located at 117 – 70 Country Hills Landing NW, Calgary, Alberta T3K 2L2.

The Company’s operations are focused on exploring mineral properties and developing its air classifier technology. Volt Carbon Technologies Inc.’s wholly-owned subsidiary, Solid Ultrabattery Inc. is focused on developing its battery technology.

**2. BASIS OF PRESENTATION AND GOING CONCERN**

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Reporting Interpretations Committee (“IFRIC”). These consolidated financial statements were approved by the Board of Directors on February 25, 2025.

a) Going concern

These consolidated financial statements have been prepared on a going-concern basis which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business for the foreseeable future. Accordingly, it does not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than normal course of business and at amounts which may differ from those shown in the consolidated financial statements.

As at October 31, 2024, the Company has incurred a loss from operations of \$1,840,297 (2023 - \$1,590,289), has a working capital deficit of \$855,731, negative cash flow from operations of \$1,057,405 and an accumulated deficit of \$31,564,174. As the Company currently has limited revenue generating activity, it is dependent upon obtaining additional equity and debt financing to fund its research activities and continue as a going concern. During the year, the Company raised proceeds of \$1,624,006 through private placements of common shares and units and \$37,500 from exercise of options. Subsequent to year-end, the Company raised proceeds of \$565,000 and settled liabilities of \$347,843 through private placements of common shares.

This condition, along with other matters as set forth in the above paragraph, indicates the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

**VOLT CARBON TECHNOLOGIES INC.**  
**Notes to the consolidated financial statements**  
**(Expressed in Canadian Dollars)**  
**October 31, 2024 and 2023**

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**2. BASIS OF PRESENTATION AND GOING CONCERN (continued)**

b) Measurement basis

These consolidated financial statements are prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. The Company's presentation and functional currency is Canadian dollars.

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

**3. MATERIAL ACCOUNTING POLICY INFORMATION**

a) Mineral exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in mineral properties. Expenditures incurred before the entity has obtained the legal rights to explore a specific area are expensed.

All costs directly associated with property acquisition and exploration activities are capitalized as exploration and evaluation assets. Costs that are capitalized are limited to costs related to the acquisition and exploration activities that can be associated with finding specific mineral resources, and do not include costs related to production, administrative expenses and other general indirect costs.

Costs related to the acquisition of mining properties and exploration and evaluation expenditures are capitalized by property until the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. When the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets are reclassified as mining assets under development. Exploration and evaluation assets are assessed for impairment before reclassification, and any impairment loss is then recognized.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

b) Equipment

Equipment is recorded at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated at the following annual rates and basis:

Leasehold improvements	Straight line -Lease term
Equipment	20% Declining balance
Furniture, fixtures and other equipment	20 – 55% Declining balance

One-half of the above rates are used in the year of acquisition.

**VOLT CARBON TECHNOLOGIES INC.**  
**Notes to the consolidated financial statements**  
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**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

c) Intangible assets

Purchased intangible assets are recognized as assets in accordance with IAS 38 – Intangible Assets, where it is probable that the use of the asset will generate future economic benefits and where the cost of the asset can be determined reliably. Intangible assets acquired are initially recognized at cost of purchase and are subsequently carried at cost less accumulated amortization, if applicable, and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. All indefinite life intangible assets are stated at cost less accumulated impairment. The initial acquisition cost is based on the fair value of consideration paid and related acquisition costs. Subsequent costs are expensed unless they meet the criteria for capitalization.

d) Research and development costs

The Company undertakes research and development in the course of identifying and preparing products for commercialization. Expenditures during the research phase are expensed as incurred. Expenditures during the development phase are capitalized if certain criteria, including technical feasibility and intent and ability to develop and use the technology, are met, otherwise they are expensed as incurred. No development costs have been capitalized to date.

e) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its mineral exploration and evaluation assets, equipment and intangible assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount is the greater of fair value less costs to sell and value in use of the asset. When the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount by recording an impairment loss.

For the purposes of determining impairment of exploration and evaluation assets, the Company considers each property to be a cash-generating unit. When assessing for a possible impairment the Company considers whether any of the following facts and circumstances apply to a specific property: the rights to explore the property have expired (or are about to expire), no further substantive expenditure or further exploration of the property is planned, the exploration conducted on the property has not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities, or sufficient data exists to indicate that development of the property is likely to proceed but the carrying amount of the property is unlikely to be recovered in full from successful development or by sale.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**VOLT CARBON TECHNOLOGIES INC.**  
**Notes to the consolidated financial statements**  
**(Expressed in Canadian Dollars)**  
**October 31, 2024 and 2023**

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

f) Leases

The Company recognizes a right-of-use asset ("RUA") and a lease liability based on the present value of future lease payments when the leased asset is available for use by the Company. The lease payments include fixed payments. The lease payments are discounted using the interest rate implicit in the lease or the lessee's incremental borrowing rate. Generally, the Company uses the lessee's incremental borrowing rate for its present value calculations.

Lease payments are discounted over the lease term, which includes the fixed term and renewal options that the Company is reasonably certain to exercise. Lease payments are allocated between the lease liability and a finance cost, which is recognized in finance costs over the lease term in the statement of earnings. RUA are measured at cost, less any accumulated amortization and accumulated impairment losses, and adjusted for any re-measurement of lease liabilities. Cost is calculated as the initial measurement of the lease liability plus any initial direct costs and any lease payments made at or before the commencement date. RUA's are amortized on a straight-line basis over the shorter of the lease term or the useful life.

g) Revenue recognition

The Company earns incidental revenue from graphite processing services, which is recognized when the services are performed.

h) Income taxes

Income tax expense represents current tax and deferred tax. The Company records current tax based on the taxable profits for the period which is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred income taxes are accounted for using the liability method. The liability method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred income tax assets and liabilities are determined for each temporary difference based on currently enacted or substantively enacted tax rates that are expected to be in effect when the underlying items of income or expense are expected to be realized. The effect of a change in tax rates or tax legislation is recognized in the period of substantive enactment. Deferred tax assets, such as non-capital loss carry forwards, are recognized to the extent it is probable that taxable profit will be available against which the asset can be utilized.

**VOLT CARBON TECHNOLOGIES INC.**  
**Notes to the consolidated financial statements**  
**(Expressed in Canadian Dollars)**  
**October 31, 2024 and 2023**

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

i) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. At each financial position reporting date presented the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

j) Share capital

The Company records proceeds from share issuances net of issue costs. When unit issuances include warrants the excess of proceeds over fair value of shares is credited to warrants reserve.

Shares issued for consideration other than cash are valued at the quoted price on the TSX-V on the date the shares are issued unless the fair value of goods and services is readily determinable.

k) Share-based payments

The Company has a stock option plan that is described in *Note 15(c)*.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The fair value is determined by the Black-Scholes Option Pricing Model with assumptions for: weighted average risk-free interest rates; dividend yields; weighted-average volatility factors of the expected market price of the Company's Common Shares; and a weighted average expected life of the options.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received, unless they are related to the issuance of shares, then they are recorded at the fair value as determined by the use of Black-Scholes Option Pricing Model similar to those equity instruments granted to employees. Amounts related to the issuance of shares are recorded as a reduction of share capital.

Where equity instruments are used to purchase mineral properties the value of these share-based payments is calculated using the closing price of the shares on the date of issue as determined by the public exchange upon which they are listed as this is the most readily determinable value.

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

l) Basic and diluted loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if potentially dilutive securities were exercised or converted to Common Shares. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the "if converted" method. Fully diluted amounts are not presented when the effect of the computations is anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

m) Share capital – flow through shares

The Company finances a portion of its exploration activities through the issue of flow-through shares.

The Company provides certain share subscribers with a flow-through component for tax incentives available on qualifying Canadian exploration expenditures. The Company renounces the qualifying expenditures and accordingly is not entitled to the related taxable income deductions for such expenditures.

The shares issued require that the Company make certain qualifying expenditures for tax purposes on or before December 31, the deduction of which flow through to the shareholders.

The Company may incur liabilities in the event that it has not incurred sufficient qualifying expenditures or has renounced expenses to investors that do not meet the definition of a qualifying expenditure for tax purposes.

The proceeds from issuing flow-through shares are allocated between the offering of shares and the sale of tax benefits. The allocation is based on the difference ("premium") between the quoted price of the Company's existing shares and the amount the investor pays for the actual flow-through shares. A liability is recognized for the premium and is reversed into the statement of loss as a deferred tax recovery when the eligible expenditures are incurred. If the flow-through shares are not issued at a premium, a liability is not recorded.

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

n) Financial instruments

*Recognition*

Financial assets and financial liabilities are recognized on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

*Classification*

Financial assets are classified as subsequently measured at amortized cost or fair value through profit or loss on the basis of both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The classification of subsequently measured at amortized cost is used when the objective of the business model is to hold assets and collect contractual cash flows, and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company's cash, accounts receivable and term deposits are classified as financial assets subsequently measured at amortized cost. The Company's marketable securities are classified as financial assets subsequently measured at fair value through profit or loss.

Financial liabilities are classified as subsequently measured at amortized cost, unless they meet the criteria for measurement at fair value or other prescribed measurement. The Company's accounts payable and accrued liabilities, notes payable and lease liabilities are classified as financial liabilities subsequently measured at amortized cost.

*Measurement*

Financial assets and financial liabilities classified as subsequently measured at amortized cost are initially measured at fair value plus or minus transaction costs that are directly attributable to the acquisition of the financial asset or issue of the financial liability. Subsequently, the financial assets and liabilities are measured at amortized cost using the effective interest rate method.

*Impairment*

Financial assets classified as subsequently measured at amortized cost or fair value through other comprehensive income reflect the Company's assessment of expected credit losses.

Expectations reflect historical credit losses, adjusted for forward looking factors. The expected credit loss provision is based on expectations for the next twelve months unless there has been a significant increase in the customer's credit risk, resulting in the provision being based on expectations for the remaining lifetime of the asset.

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

o) Government assistance

The Company records government assistance provided there is reasonable assurance that the Company has complied and will continue to comply with all conditions of the government funding. Government assistance relating to current expenses is recognized in profit or loss and is included as a decrease to the related line item in the consolidated statements of operations and comprehensive loss.

**4. RECENT ACCOUNTING PRONOUNCEMENTS**

At the date of authorization of these consolidated financial statements, the IASB and IFRIC have issued the following new and revised standards, amendments and interpretations which are applicable and effective for year-ends starting on or after January 1, 2024.

*IFRS 18 - Presentation and Disclosure in the Financial Statements*

On April 2024, the IASB issued a new IFRS accounting standard to improve the reporting of financial performance. IFRS 18 Presentation and Disclosure in the Financial Statements replaces IAS 1 Presentation of Financial Statements. The standards will become effective January 1, 2027, with early adoption permitted.

The Company is in the process of assessing the impact of these new standards on the Company's financial statements.

**5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk to cause material adjustment to the carrying amounts of assets and liabilities recognized in these consolidated financial statements within the next financial year are discussed below:

**Impairment of non-financial assets**

The assessment of indicators of impairment requires estimates and assumptions such as discount rates, exchange rates, commodity prices, future capital requirements and future operating performance.

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**5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**

**Fair value of options**

The fair value of equity instruments is subject to the limitations of the Black-Scholes option pricing model, as well as other pricing models that incorporate market data and involves uncertainty in estimates used by management in the assumptions. Because option pricing models require inputs of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

**Business acquisitions**

Management determines whether assets acquired, and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs to create outputs of measurable value.

**Mineral properties**

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

**6. ACCOUNTS RECEIVABLE**

	2024	2023
Other receivables	\$ 744	\$ 747
GST receivable	19,645	15,882
	<b>\$ 20,389</b>	<b>\$ 16,629</b>

**7. EQUIPMENT**

Cost	Plant equipment	Leasehold improvements	Furniture, fixtures and other equipment	Total
At November 1, 2022	\$ 900,423	\$ 474,954	\$ 49,653	\$1,425,030
Additions	58,223	9,698	7,221	75,142
Disposals	-	-	-	-
At October 31, 2023	\$ 958,646	\$ 484,652	\$ 56,874	\$1,500,172
Additions	57,576	-	7,733	65,309
Disposals	(126,466)	-	-	(126,466)
At October 31, 2024	\$ 889,756	\$ 484,652	\$ 64,607	\$1,439,015

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**7. EQUIPMENT (continued)**

<b>Accumulated amortization</b>	<b>Plant equipment</b>	<b>Leasehold improvements</b>	<b>Furniture, fixtures and other equipment</b>	<b>Total</b>
<b>At November 1, 2022</b>	<b>\$ 414,079</b>	<b>\$ 35,891</b>	<b>\$ 17,703</b>	<b>\$ 467,673</b>
Disposals	-	-	-	-
Amortization	93,294	53,311	12,089	158,694
<b>At October 31, 2023</b>	<b>\$ 507,373</b>	<b>\$ 89,202</b>	<b>\$ 29,792</b>	<b>\$ 626,367</b>
Disposals	(94,427)	-	-	(94,427)
Amortization	94,669	54,281	9,137	158,087
<b>At October 31, 2024</b>	<b>\$ 507,615</b>	<b>\$ 143,483</b>	<b>\$ 38,929</b>	<b>\$ 690,027</b>

  

<b>Net book value</b>	<b>Plant equipment</b>	<b>Leasehold improvements</b>	<b>Furniture, fixtures and other equipment</b>	<b>Total</b>
<b>At October 31, 2023</b>	<b>\$ 451,273</b>	<b>\$ 395,450</b>	<b>\$ 27,082</b>	<b>\$ 873,805</b>
<b>At October 31, 2024</b>	<b>\$ 382,141</b>	<b>\$ 341,169</b>	<b>\$ 25,678</b>	<b>\$ 748,988</b>

**8. MINERAL EXPLORATION AND EVALUATION ASSETS**

The Company has acquired certain mineral properties and rights. Mineral exploration and evaluation assets include property acquisition costs and deferred exploration costs.

The property acquisition costs are as follows:

	<b>(a) Red Bird</b>	<b>(b) Mount Copeland</b>	<b>(c) Lochaber</b>	<b>(d) Tetepisca</b>	<b>Total</b>
<b>At November 1, 2022</b>	<b>\$140,000</b>	<b>\$221,186</b>	<b>\$90,000</b>	<b>\$ -</b>	<b>\$451,186</b>
Additions	-	-	-	-	-
Impairment	-	-	-	-	-
<b>At October 31, 2023</b>	<b>\$140,000</b>	<b>\$221,186</b>	<b>\$90,000</b>	<b>\$ -</b>	<b>\$451,186</b>
Additions	-	-	-	-	-
Impairment	-	-	-	-	-
<b>At October 31, 2024</b>	<b>\$140,000</b>	<b>\$221,186</b>	<b>\$90,000</b>	<b>\$ -</b>	<b>\$451,186</b>

The deferred exploration costs are as follows:

	<b>(a) Red Bird</b>	<b>(b) Mount Copeland</b>	<b>(c) Lochaber</b>	<b>(d) Tetepisca</b>	<b>Total</b>
<b>At November 1, 2022</b>	<b>\$16,681</b>	<b>\$461,715</b>	<b>\$25,287</b>	<b>\$ -</b>	<b>\$503,683</b>
Additions	-	-	-	-	-
Impairment	-	-	-	-	-
<b>At October 31, 2023</b>	<b>\$16,681</b>	<b>\$461,715</b>	<b>\$25,287</b>	<b>\$ -</b>	<b>\$503,683</b>
Additions	-	8,473	-	416,783	425,256
Recovery	-	-	-	(96,000)	(96,000)
Impairment	-	-	-	(320,783)	(320,783)
<b>At October 31, 2024</b>	<b>\$16,681</b>	<b>\$470,188</b>	<b>\$25,287</b>	<b>\$ -</b>	<b>\$512,156</b>

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**8. MINERAL EXPLORATION AND EVALUATION ASSETS (continued)**

The total property acquisition costs and deferred exploration costs are as follows:

	(a) Red Bird	(b) Mount Copeland	(c) Lochaber	(d) Tetepisca	Total
At October 31, 2023	\$156,681	\$682,901	\$115,287	\$ -	\$954,869
At October 31, 2024	\$156,681	\$691,374	\$115,287	\$ -	\$963,342

**a) Red Bird**

The Red Bird molybdenum property consists of three mineral claims situated in the Skeena Mining Division of west central British Columbia. The Company holds a 25% undivided interest in the property.

**b) Mount Copeland**

The Mount Copeland molybdenum property is situated in British Columbia. The Company holds a 100% interest in the Mount Copeland property.

**c) Lochaber**

In May 2018, the Company acquired a 100% ownership of the historical graphite mining property known as the Lochaber claims located in Southwestern Quebec.

**d) Tetepisca**

On January 31, 2024, the Company entered into an agreement with E-Power Resources Inc. ("EPR") to earn an option to acquire an interest in the Tetepisca Graphite Project located in Northern Quebec. Upon signing the agreement, the Company received 1,600,000 common shares of EPR, see note 11. Under the terms of the agreement, the Company committed to incur \$680,000 of exploration costs on the project prior to December 31, 2024, upon which an additional 5,000,000 EPR common shares would be entitled to the Company. Upon incurring the costs, the Company would be entitled to exercise an option to acquire an undivided 5% interest in the property for a cash payment of \$1,500,000 until December 31, 2025.

The Company did not incur the required costs under the agreement and were not entitled to the additional shares and as such the option to acquire expired. During the year the Company recorded an impairment of \$320,783.

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**9. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

On July 15, 2021, the Company entered into a lease agreement for its premises to house its research activities. A 6% discount rate was used to fair value the lease liability over its 10-year lease term. On November 28, 2022, the Company negotiated an amendment to the lease agreement to include a termination clause. The Company has the ability to terminate the lease with one year notice and payment of three years rent.

a) Right-of-use assets

<b>Cost</b>	
Balance, November 1, 2022	\$ 1,190,138
Additions during the year	50,313
Derecognition of right-of-use asset	(47,858)
<b>Balance, October 31, 2023</b>	<b>\$ 1,192,593</b>
Additions during the year	-
Derecognition of right-of-use asset	(50,313)
<b>Balance, October 31, 2024</b>	<b>\$ 1,142,280</b>
<b>Accumulated amortization</b>	
Balance, November 1, 2022	\$ 159,937
Amortization during the year	168,057
Derecognition of right-of-use asset	(47,858)
<b>Balance, October 31, 2023</b>	<b>\$ 280,136</b>
Amortization during the year	144,538
Derecognition of right-of-use asset	(50,313)
<b>Balance, October 31, 2024</b>	<b>\$ 374,361</b>
<b>Net book value</b>	
October 31, 2023	\$ 912,457
October 31, 2024	\$ 767,919

b) Lease liabilities

Balance, November 1, 2022	\$ 1,067,546
Additions during the year	50,314
Lease finance expense	62,354
Repayments during the year	(191,437)
<b>Balance, October 31, 2023</b>	<b>\$ 988,777</b>
Lease finance expense	56,017
Repayments during the year	(175,713)
<b>Balance, October 31, 2024</b>	<b>\$ 869,081</b>
Current	\$ 99,017
Long-term	770,064
<b>Total discounted lease liabilities</b>	<b>\$ 869,081</b>

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**9. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)**

Under the premises leases, the Company is committed to the following lease payments:

2025	\$ 148,492
2026	152,172
2027	155,953
2028	159,870
2029	163,921
After	281,956
	<b>\$ 1,062,364</b>

**10. INTANGIBLE ASSET**

	Intellectual property	Patents	Total
At November 1, 2022	\$ 1,373,057	\$ 52,830	\$ 1,425,887
Additions	-	11,581	11,581
At October 31, 2023	\$ 1,373,057	\$ 64,411	\$ 1,437,468
Additions	-	-	-
At October 31, 2024	\$ 1,373,057	\$ 64,411	\$ 1,437,468

**11. MARKETABLE SECURITIES**

	2024	2023
Balance, beginning of year	\$ -	\$ -
Additions	96,000	-
Unrealized gain	-	-
<b>Balance, end of year</b>	<b>\$ 96,000</b>	<b>\$ -</b>

**12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2024	2023
Trade payables	\$ 316,648	\$ 330,939
Trade payables – related parties	565,935	388,942
	<b>\$ 882,583</b>	<b>\$ 719,881</b>

Included in accounts payable are amounts due to related parties relating to management fees and expenses incurred as follows:

Amounts due to	Nature of relationship	2024	2023
Private corporation	Key Management personnel	\$367,740	\$223,591
Private corporation	Director	147,000	147,000
Private corporation	Key Management personnel	45,822	6,869
Private corporation	Key Management personnel	2,223	1,482
Unincorporated business	Website consulting	3,150	-
		<b>\$565,935</b>	<b>\$378,942</b>

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**13. NOTES PAYABLE**

	<b>2024</b>	<b>2023</b>
Unsecured promissory note payable to a company controlled by a senior officer and director of the Company, due October 31, 2023, and non-interest bearing.	\$ -	\$ 20,000
Unsecured advances payable to an unrelated party, due upon demand, non-interest bearing.	53,000	217,000
Unsecured advances payable to an unrelated party, repayable with monthly payments of \$5,434 including interest at prime plus 2%.	261,619	-
Unsecured promissory note payable to an unrelated party, repayable by November 7, 2025 with interest at 10%.	5,000	
	<b>\$ 319,619</b>	<b>\$ 237,000</b>
<b>Less: current portion of notes payable</b>	<b>99,925</b>	<b>237,000</b>
<b>Long term notes payable</b>	<b>\$ 219,694</b>	<b>\$ -</b>

On January 15, 2024, the Company repaid an earlier advance to a related company controlled by a director and senior officer of the Company.

During the year, an unrelated party advanced various advances totaling \$223,000 to the Company and the Company repaid \$125,000 of the earlier advances. The remaining balance of \$262,000 was converted to a loan repayable with monthly payment of \$5,434 including interest of prime plus 2%.

On October 10, 2024, an unrelated party advanced \$5,000, repayable November 7, 2025 with interest at 10%.

**14. OTHER LIABILITIES**

Other liabilities include the premium between the quoted price of Company's shares and the amount paid by investors for the flow-through shares. The following is a continuity schedule of the liability portion of the flow-through share issuances:

<b>Balance, October 31, 2022 and October 31, 2023</b>	<b>\$ -</b>
Liability incurred on flow-through shares issued	153,992
Settlement of flow-through share liability on incurring expenditures	(104,959)
<b>Balance, October 31, 2024</b>	<b>\$ 49,033</b>

The flow-through shares issued in the private placement completed in December 2023 were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be \$115,100.

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**14. OTHER LIABILITIES (continued)**

The flow-through shares issued in the private placement completed in August 2024 were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be \$22,225.

The flow-through shares issued in the private placement completed in September 2024 were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be \$16,667.

**15. SHARE CAPITAL**

a) Common shares

Authorized:

The authorized share capital of the Company is:

An unlimited number of voting common shares without par value.

An unlimited number of non-voting first preferred shares.

An unlimited number of non-voting second preferred shares.

Loss per share:

The number of the shares outstanding presented in the statements of changes in shareholders' equity refers only to voting common shares. Diluted loss per share did not include the effect of 12,650,000 options (2023 – 9,900,000) and 18,626,280 warrants (2023 – 16,712,500) as they are anti-dilutive.

Share Issuances:

*November 10, 2022*

On November 10, 2022 the Company closed a private placement of common shares and issued 9,999,999 shares at a price of \$0.07 per share for gross proceeds of \$700,000. Share issuance costs of \$71,280 were incurred related to the issuance of common shares.

*March 29, 2023*

On March 29, 2023 the Company closed a private placement of 3,050,000 units at a price of \$0.08 per unit for gross proceeds of \$244,000. Each unit consists of one common share and one share purchase warrant. Each purchase warrant is exercisable at \$0.16 for a period of up to three years from the date of issue. The fair value assigned to the warrants was \$30,500.

*April 21, 2023*

On April 21, 2023 the Company closed a private placement of 2,750,000 units at a price of \$0.08 per unit for gross proceeds of \$220,000. Each unit consists of one common share and one share purchase warrant. Each purchase warrant is exercisable at \$0.16 for a period of up to three years from the date of issue. The fair value assigned to the warrants was \$27,500.

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**15. SHARE CAPITAL (continued)**

*June 13, 2023*

On June 13, 2023, the Company closed a private placement of 912,500 units at a price of \$0.08 per unit for gross proceeds of \$73,000. Each unit consists of one common share and one share purchase warrant. Each purchase warrant is exercisable at \$0.16 for a period of up to three years from the date of issue. The fair value assigned to the warrants was \$9,125.

Share issuance costs of \$10,561 were incurred related to the unit issuances on March 29, 2023, April 21, 2023 and June 13, 2023.

*December 21, 2023*

On December 21, 2023, the Company closed a private placement of 11,510,000 units at a price of \$0.09 per unit for gross proceeds of \$1,035,900. Each unit is comprised of one common share of the Company issued on a flow-through basis pursuant to the provisions of the Tax Act and one half of a common share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one additional common share at an exercise price of \$0.135 per share purchase warrant for a period of 24 months from closing. The flow-through share premium was calculated as \$115,100.

In connection with the December 21, 2023 unit issuance and pursuant to a finders fee agreement dated December 14, 2023, the Company paid a cash finders fee of \$89,100 and issued finders options equivalent to 9% of the number of units sold under the offering. Each finders option, entitles the finder to purchase a finders unit for \$0.09 per finders unit for a period up to two years. Each unit is comprised of one common share of the Company and one half of a common share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one additional common share at an exercise price of \$0.135 per share purchase warrant for a period of two years from closing. 1,017,900 finders options were issued to the finders on December 21, 2023.

The value attributed to the finders options was \$48,153. The fair value of finders warrants were calculated using the Black-Scholes option pricing model with the following inputs: Volatility 119.43%, risk-free interest rate 3.23%, expected life of 2 years, dividend yield of 0%, forfeiture rate of 0%.

Total share issuance costs of \$153,818 were incurred related to this issuance of units.

*April 18, 2024*

On April 18, 2024, the Company closed a private placement of 3,470,730 units at a price of \$0.07 per unit for gross proceeds of \$242,951. Each unit is comprised of one common share of the Company and one common share purchase warrant, which entitles the holder to acquire one additional common share at an exercise price of \$0.12 per share purchase warrant for a period of 36 months from closing. Total share issuance costs incurred for this private placement of units was \$12,391.

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**15. SHARE CAPITAL (continued)**

*June 5, 2024*

On June 5, 2024, the Company closed a private placement of 1,359,000 units at a price of \$0.07 per unit for gross proceeds of \$95,130. Each unit is comprised of one common share of the Company and one common share purchase warrant, which entitles the holder to acquire one additional common share at an exercise price of \$0.12 per share purchase warrant for a period of 36 months from closing. Total share issuance costs incurred for this private placement of units was \$6,262.

*August 7, 2024*

On August 7, 2024, the Company closed a private placement of 4,445,000 common shares at a price of \$0.045 per common share for gross proceeds of \$200,025. Each share is issued on a flow-through basis pursuant to the provisions of the Income Tax Act. The flow-through share premium was calculated as \$22,225.

In connection with the August 7, 2024 share issuance and pursuant to a finders fee agreement dated July 22, 2024, the Company paid a cash finders fee of \$14,002 and issue 311,150 finders options equivalent to 7% of the number of shares sold under the offering. Each finders option, entitles the finder to purchase a unit for \$0.05 per unit for a period up to two years. The value attributed to the finders options was \$7,118.

The fair value of finders warrants were calculated using the Black-Scholes option pricing model with the following inputs: Volatility 120.20%, risk-free interest rate 2.98%, expected life of 2 years, dividend yield of 0%, forfeiture rate of 0%.

*September 20, 2024*

On September 20, 2024, the Company closed a private placement of 1,111,112 shares at a price of \$0.045 per share for gross proceeds of \$50,000. Each share was issued on a flow-through basis pursuant to the provisions of the Income Tax Act. The flow-through share premium was calculated as \$16,667.

Total share issuance costs relating the August 7, 2024 and September 20, 2024 private placements were of \$34,992.

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**15. SHARE CAPITAL (continued)**

b) Share purchase warrants

	Number of Warrants	Weighted Average Exercise Price
Balance, November 1, 2022	18,152,500	\$0.20
Granted	6,712,500	\$0.16
Expired	(3,700,000)	\$0.24
Exercised	(4,452,500)	\$0.05
<b>Balance October 31, 2023</b>	<b>16,712,500</b>	<b>\$0.21</b>
Granted	11,913,780	\$0.12
Expired	(10,000,000)	\$0.25
Exercised	-	N/A
<b>Balance October 31, 2024</b>	<b>18,626,280</b>	<b>\$0.14</b>

As at October 31, 2024, the Company had the following warrants exercisable and outstanding:

Warrant description	Number of warrants	Exercise price	Expiry date
Share purchase warrants	3,050,000	\$0.160	March 29, 2026
Share purchase warrants	2,750,000	\$0.160	April 23, 2026
Share purchase warrants	912,500	\$0.160	June 12, 2026
Share purchase warrants	5,755,000	\$0.135	December 21, 2025
Finders options	1,017,900	\$0.090	December 21, 2025
Share purchase warrants	3,470,730	\$0.120	April 18, 2027
Share purchase warrants	1,359,000	\$0.120	June 5, 2027
Finders options	311,150	\$0.050	August 12, 2026
	<b>18,626,280</b>		

As at October 31, 2024, the weighted-average life of the warrants outstanding was 1.62 years.

c) Stock options

The Company has established a stock-based compensation plan pursuant to which options to purchase common shares may be granted to certain officers, directors, and contractors of the Company as well as persons providing ongoing services to the Company. Exercise price of options equals at least the market price of the Company's stock on the date of grant. Stock options are exercisable on the day of grant and are for a two or five-year term in accordance with TSX Venture Exchange policy.

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**15. SHARE CAPITAL (continued)**

A summary of the status of the Company's incentive stock option plan as at October 31, 2024 and 2023 is as follows:

	Number of options	Weighted Average Exercise Price
Balance November 1, 2022	9,980,000	\$0.12
Granted	2,100,000	\$0.11
Expired	(300,000)	\$0.12
Exercised	(1,880,000)	\$0.14
<b>Balance October 31, 2023</b>	<b>9,900,000</b>	<b>\$0.11</b>
Granted	5,250,000	\$0.10
Expired	(1,750,000)	\$0.09
Exercised	(750,000)	\$0.05
<b>Balance October 31, 2024</b>	<b>12,650,000</b>	<b>\$0.11</b>

*Options Granted*

On February 16, 2022, the Company granted 1,400,000 options to a senior officer and director of the Company with an exercise price of \$0.125. The options expire on February 15, 2027.

On March 16, 2022, the Company granted 1,500,000 options to a senior officer and director and a consultant of the Company with an exercise price of \$0.115. The options expire on March 15, 2027.

On May 4, 2022, the Company granted 300,000 options to an investor relations consultant of the Company with an exercise price of \$0.12. The options originally were to expire on May 4, 2027 but due to the consultant's departure, the options expired on December 21, 2022.

On February 15, 2023, the Company granted 1,500,000 options to a current director of the Company. These options vested immediately, are exercisable at \$0.12 per option and expire on February 28, 2028.

On February 15, 2023, the Company granted 350,000 options to certain current employees and consultants of the Company. These options vested immediately, are exercisable at \$0.08 per option and expire on February 28, 2028.

On June 12, 2023, the Company granted 250,000 options to an employee of the Company. These options vested immediately, are exercisable at \$0.08 per option and expire on June 11, 2028.

On December 4, 2023, the Company granted 1,750,000 stock options to consultants of the Company. Each stock option vests immediately, is exercisable at \$0.08 per option for a period before February 28, 2026.

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**15. SHARE CAPITAL (continued)**

On May 9, 2024, the Company granted the following:

- 3,000,000 options to current directors of the Company with an exercise price of \$0.12 per option.
- 500,000 options to certain current employees and consultants of the Company, exercisable a \$0.08 per option.

These options vest immediately and expire on May 9, 2029.

The Black-Scholes option valuation model was used to estimate the fair value of the options with the following assumptions.

<b>Date of grant</b>	<b>Dividend Yield</b>	<b>Volatility</b>	<b>Risk free interest rate</b>	<b>Forfeiture rate</b>	<b>Expected life</b>	<b>Fair value (per option)</b>
February 16, 2022	0%	185.88%	1.80%	0%	5 years	\$0.15
March 16, 2022	0%	172.32%	2.02%	0%	5 years	\$0.11
May 4, 2022	0%	169.97%	2.74%	0%	5 years	\$0.10
February 15, 2023	0%	174.24%	3.39%	0%	5 years	\$0.07
February 15, 2023	0%	174.24%	3.39%	0%	5 years	\$0.07
June 12, 2023	0%	169.07%	3.64%	0%	5 years	\$0.08
December 4, 2023	0%	118.12%	4.12%	0%	2 years	\$0.05
May 9, 2024	0%	142.62%	3.68%	0%	5 years	\$0.06

*Exercise of options*

On May 30, 2024, the Company issued 750,000 common shares in the capital of the Company due to exercise of options that were granted on December 14, 2020 at an exercise price \$0.05 per share for gross proceeds of \$37,500.

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**15. SHARE CAPITAL (continued)**

*Stock options outstanding and exercisable*

As at October 31, 2024, the following stock options were outstanding and exercisable:

Number of Options	Exercise Price	Expiry Date
700,000	\$0.05	December 14, 2025
1,600,000	\$0.15	July 26, 2026
1,000,000	\$0.16	August 11, 2026
400,000	\$0.15	October 6, 2026
600,000	\$0.125	February 15, 2027
1,000,000	\$0.115	March 15, 2027
1,500,000	\$0.12	February 28, 2028
350,000	\$0.08	February 28, 2028
250,000	\$0.08	June 11, 2028
1,750,000	\$0.08	February 28, 2026
500,000	\$0.08	May 9, 2029
3,000,000	\$0.12	May 9, 2029
12,650,000		

As at October 31, 2024, the weighted-average life of the options outstanding was 2.77 years.

**16. INCOME TAXES**

The effective rate on the Company's earnings before income tax differs from the expected amount that would arise using the combined Canadian Federal and Provincial statutory income tax rates. A reconciliation of the difference is as follows:

	Year ended October 31,	
	2024	2023
Net loss before income taxes	\$1,945,256	\$1,590,289
Statutory income tax rate	26.50%	26.50%
Tax recovery	515,493	421,427
Share issuance costs	54,978	23,708
Stock based compensation	(80,352)	(37,327)
Adjustments to tax pools	(252,116)	-
Adjustments to right-of-use assets	-	1,181
Other	(2,500)	(962)
Change in deferred tax asset not recognized	(235,503)	(408,027)
<b>Deferred income tax recovery (expense)</b>	<b>\$ -</b>	<b>\$ -</b>

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**16. INCOME TAXES (continued)**

**Deferred Tax Assets and Liabilities**

Deferred income taxes represent the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The following represents the components of the net unrecognized deferred income tax asset:

	<b>Year ended October 31,</b>	
	<b>2024</b>	<b>2023</b>
Non-capital losses	\$ 4,898,934	\$ 4,679,229
Mineral exploration and evaluation assets	1,538,452	1,540,839
Property and equipment	(564)	11,634
Right-of-use assets	(203,499)	(241,801)
Lease liabilities	230,306	262,026
Share issuance costs	84,772	60,971
Unrecognized deferred tax asset	(6,548,401)	(6,312,898)
<b>Deferred tax asset (liability)</b>	<b>\$ -</b>	<b>\$ -</b>

As at October 31, 2024 the Company has non-capital losses for Canadian income tax purposes totaling \$18,491,205 carried forward for tax purposes and are available to reduce taxable income of future years. These losses expire as follows:

<u>Year</u>	<u>Non-Capital Losses</u>
2026	\$ 548,829
2027	563,645
2028	600,405
2029	320,201
2030	211,839
2031	287,654
2032	226,298
2033	2,212,787
2034	2,003,660
2035	563,909
2036	639,744
2037	1,348,008
2038	2,141,713
2040	874,683
2041	1,052,570
2042	2,521,386
2043	1,540,337
<u>2044</u>	<u>833,537</u>
	<u>\$ 18,491,205</u>

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**17. RELATED PARTY TRANSACTIONS**

<b>Management and consulting fees</b>	<b>Year ended October 31,</b>	
	<b>2024</b>	<b>2023</b>
Company controlled by a former director and relative of a current director	\$ -	\$ 80,000
Company controlled by a director and senior officer	198,800	186,440
Company controlled by a director and senior officer	180,000	180,000
Company controlled by a senior officer	62,563	21,772
Business controlled by a relative of a director	18,000	18,000
	<b>\$ 459,363</b>	<b>\$ 486,212</b>

**Key management compensation**

Key management personnel include the board of directors, chief executive officer, chief financial officer, chief operating officer, chief commercialization officer, chief technology officer and president.

	<b>Year ended October 31,</b>	
	<b>2024</b>	<b>2023</b>
Management and consulting fees	\$ 210,540	\$ 281,772
Stock based compensation	207,962	98,643
	<b>\$ 418,502</b>	<b>\$ 380,415</b>

**18. TERM DEPOSITS**

Term deposits of \$36,000 (2023 – \$36,000) have been pledged as security to the Scotia Bank for their irrevocable letter of credit in favor of the Province of British Columbia, Ministry of Energy and Mines. Term deposits totaling \$25,000 (2023 – \$26,854) has been pledged as security to the Scotia Bank to secure the Company credit cards.

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**19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The disclosures in the notes to these consolidated financial statements describe how the categories of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognized.

Financial instruments recognized at fair value on the statements of financial position must classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy levels are as follows:

- Level 1: Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques based on inputs that are other than Level 1 quoted prices that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).
- Level 3: Valuation techniques with unobservable market inputs (involves assumptions and estimates by management).

The fair value of the marketable securities are based on level 1 of the hierarchy.

The carrying amount of cash, term deposits, accounts payable and accrued liabilities, notes payable and interest payable approximates its fair value due to the short-term maturities of these items.

**Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company's maximum exposure to credit risk as at October 31, 2024 relate to its cash and term deposits. All of the Company's cash is held with major financial institutions in Canada, and management believes the exposure to credit risk with such institutions is not significant. The Company considers the risk of material loss to be significantly mitigated due to the financial strength of the major financial institutions where cash is held.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements as well as the growth and development of its business. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in *Note 19 – Management of capital*, in normal circumstances. Due to the lack of liquidity, management has increased its focus on liquidity risk given the impact of the current economic climate on the availability of finance. Further information regarding liquidity risk is set out in *Note 2 (a)*.

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**19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

The following table summarizes the expected cash outflows related to the Company's contractual obligations:

	<b>Contractual cash flows</b>	<b>Less than one year</b>	<b>Greater than one year</b>
Accounts payable and accrued liabilities	\$ 882,583	\$ 882,583	\$ -
Notes payable	319,619	99,925	219,694
Lease liabilities	1,062,364	148,492	913,872
	<b>\$ 2,264,566</b>	<b>\$ 1,131,000</b>	<b>\$ 1,133,566</b>

**Market risk**

The significant market risks to which the Company is exposed include commodity price risk, interest rate risk and currency risk.

- Commodity price risk

The Company's ability to raise capital to fund exploration or development activities is subject to risk associated with fluctuations in the market prices of graphite, molybdenum, copper and gold and the outlook for these metals, as the Company's ability to raise capital is affected by the commodity that the Company is exploring for on its mineral property interests. The Company does not have any hedging or other derivative contracts respecting its operations.

- Interest rate risk

The Company has no significant exposure at October 31, 2024 to interest rate risk through its financial instruments.

- Currency risk

Currency risk relates to the risk that the fair values and future cash flows of the Company's financial instruments will fluctuate as a result of changes in foreign exchange rates. The Company has no significant exposure at October 31, 2024, to exchange rate risk through its financial instruments.

**20. MANAGEMENT OF CAPITAL**

The Company's objective in managing capital is to maintain adequate levels of funding to safeguard its ability to continue as a going concern in order to pursue the development of its business.

The Company considers the items included in shareholders' equity to be capital. The Company relies on equity financing in order to fund future exploration and development and makes adjustments to the Company's capital structure based on financing needs, as well as in response to economic conditions and the risk characteristics of the underlying assets.

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**20. MANAGEMENT OF CAPITAL (continued)**

Management makes adjustments to its capital structure through share issuances and the acquisition or disposition of assets.

As the Company is in the exploration stage it endeavors to manage its capital structure in a manner that provides sufficient funding for operational activities through funds primarily secured through equity capital obtained in private placements. There can be no assurances that the Company will be able to continue raising capital in this manner.

The Company facilitates the management of capital through the preparation of annual expenditure budgets and cash forecasts that are updated as necessary. The Company does not have any externally imposed capital requirements.

The Company's managed capital is as follows:

	<b>2024</b>	<b>2023</b>
Share capital	30,221,990	28,920,117
Warrants	94,305	67,125
Contributed surplus	3,381,107	3,051,624
Deficit	(31,564,174)	(29,723,877)
	<u>2,133,228</u>	<u>2,314,989</u>

**21. COMMITMENTS**

During the year ended October 31, 2024, the Company raised a total of \$1,285,925 through the issuance of common shares on a flow through basis. Pursuant to the terms of flow-through share agreements, the Company is contractually obligated to incur expenditures of \$1,285,925 that meet the definition of Canadian Exploration Expenditures (as such term is defined in the Income Tax Act (Canada)). During the year ended October 31, 2024, the Company incurred expenditures of \$951,380 and is committed to incurring \$84,520 by December 31, 2024 and a further \$250,025 by December 31, 2025 to comply with the flow through share rules.

Subsequent to October 31, 2024, the Company raised an additional \$500,000 through the issuance of common shares on a flow through basis. The Company has committed to incur the expenditures by December 31, 2025.

**22. GOVERNMENT ASSISTANCE**

During the year ended October 31, 2024, the Company received grant funding in the amount of \$205,002 (2023 - \$66,442) related to its research and development activities. Of this amount, \$120,147 (2023 - \$13,663) was allocated against salaries and benefits expense and \$84,855 (2023 - \$52,779) was allocated against research expenses.

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**23. SEGMENTED INFORMATION**

The Company has two operating segments. These two operating segments have been differentiated based on the type of services provided and equipment requirements. The mineral exploration segment focuses on the acquisition and exploration of property interests that are considered potential sites of economic mineralization. The research and development segment focuses on the scientific study and technology applications for air classifier and battery development. All transactions not related to the operating segments are considered Corporate. All of the Company's operations are in Canada.

Segmented information for the year ended October 31, 2024 and as at October 31, 2024 is as follows:

<b>For the year ended October 31, 2024</b>	<b>Research &amp; Development</b>	<b>Mineral Exploration</b>	<b>Corporate</b>	<b>Total</b>
Revenue	\$ 75,537	\$ -	\$ -	\$ 75,537
Consulting fees	122,104	196,000	117,175	435,279
Impairment	-	320,783	-	320,783
Stock-based compensation	31,222	-	271,992	303,214
Amortization on capital assets	136,158	15,721	6,208	158,087
Amortization on right-of-use assets	14,454	115,630	14,454	144,538
Salaries and benefits	83,881	54,973	-	138,854
Office and general	21,741	16,071	95,444	133,256
Research expenses	77,806	52,468	-	130,274
Rent and occupancy expenses	39,525	59,154	-	98,679
Professional fees	2,860	-	70,897	73,757
Regulatory and filing fees	-	-	63,279	63,279
Interest on lease liabilities	5,602	44,814	5,602	56,018
Loan interest and bank charges	-	-	18,696	18,696
Investor relations	-	-	17,395	17,395
Reversal of accrued payable	-	(27,355)	-	(27,355)
Gain on disposal of equipment	(43,961)	-	-	(43,961)
<b>Total expenses</b>	<b>491,392</b>	<b>848,259</b>	<b>681,142</b>	<b>2,020,793</b>
Loss for the year before income tax recovery	(415,855)	(848,259)	(681,142)	(1,945,256)
Income tax recovery	-	104,959	-	104,959
<b>Loss for the year</b>	<b>(415,855)</b>	<b>(743,300)</b>	<b>(681,142)</b>	<b>(1,840,297)</b>
	<b>Research &amp; Development</b>	<b>Exploration</b>	<b>Corporate</b>	<b>Total</b>
<b>As at October 31, 2024</b>				
Total assets	\$ 2,886,381	\$ 1,158,226	\$ 233,937	\$ 4,278,544
Capital expenditures	\$ 62,389	\$ 425,256	\$ 2,920	\$ 490,565

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**23. SEGMENTED INFORMATION (continued)**

Segmented information for the year ended October 31, 2023 and as at October 31, 2023 is as follows:

For the year ended October 31, 2023	Research & Development	Mineral Exploration	Corporate	Total
Revenue	\$ 25,000	\$ -	\$ -	\$ 25,000
Consulting fees	449,018	9,525	160,947	619,490
Amortization on right-of-use assets	168,058	-	-	168,058
Professional fees	-	-	163,294	163,294
Amortization on capital assets	149,087	-	9,607	158,694
Stock-based compensation	42,215	-	98,643	140,858
Salaries and benefits	112,004	-	28,432	140,436
Office and general	11,572	-	125,781	137,353
Rent and occupancy expenses	92,804	-	-	92,804
Research expenses	82,271	-	-	82,271
Interest on lease liabilities	62,353	-	-	62,353
Regulatory and filing fees	-	-	57,171	57,171
Investor relations	-	-	27,755	27,755
Exploration	-	14,040	-	14,040
Loan interest and bank charges	-	-	8,301	8,301
Loss on foreign exchange	-	-	659	659
Gain on settlement of accounts payable	-	-	(258,248)	(258,248)
Total expenses	1,169,382	23,565	422,342	1,615,289
Loss for the year	\$(1,144,382)	\$ (23,565)	\$ (422,342)	\$ (1,590,289)

  

As at October 31, 2023	Research & Development	Exploration	Corporate	Total
Total assets	\$ 3,195,759	\$ 990,869	\$ 149,019	\$ 4,335,647
Capital expenditures	\$ 84,120	\$ -	\$ 2,603	\$ 86,723

**24. CONTINGENCY**

On July 26, 2023, the statement of claim filed on January 5, 2021 by a former director and officer of the Company was settled. This resulted in the dismissal of the Action and Counterclaim without costs. The 2022 consolidated financial statements had included a provision for unpaid compensation of \$291,820. This amount was reversed in the 2023 consolidated financial statements resulting in a gain on settlement of accounts payable of \$258,248 and an adjustment to the related sales tax of \$33,572.

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**25. SUBSEQUENT EVENTS**

On November 6, 2024, the Company converted \$347,843 of debt to 17,392,145 common shares of the Company at a deemed price of \$0.02 per share. The debt consisted of \$100,000 in accounts payable to a related party, \$47,843 accounts payable to an arms-length party, and \$200,000 note payable. Share issuance costs of \$5,838 were incurred related to the settlement with shares.

On November 29, 2024, the Company closed a private placement of 10,000,000 units at a price of \$0.03 per unit for gross proceeds of \$300,000. Each unit is comprised of one common share of the Company issued on a flow-through basis pursuant to the provisions of the Tax Act and one half of a common share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one additional common share at an exercise price of \$0.05 per share purchase warrant for a period of 24 months from closing. The flow-through share premium was calculated as \$nil.

In connection with the November 29, 2024 unit issuance and pursuant to a finders fee agreement dated November 18, 2024, the Company agreed to pay a cash finders fee of \$21,000 and issue finders options equivalent to 7% of the number of units sold under the offering. Each finders option, entitles the finder to purchase a common share for \$0.03 per share for a period up to two years. 700,000 finders options were issued to the finders on November 29, 2024.

On December 23, 2024, the Company closed a private placement of 6,666,667 units at a price of \$0.03 per unit for gross proceeds of \$200,000. Each unit is comprised of one common share of the Company issued on a flow-through basis pursuant to the provisions of the Tax Act and one half of a common share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one additional common share at an exercise price of \$0.05 per share purchase warrant for a period of 24 months from closing. The flow-through share premium was calculated as \$nil.

In connection with the December 23, 2024 unit issuance and pursuant to a finders fee agreement dated December 20, 2024, the Company agreed to pay a cash finders fee of \$14,000 and issue finders options equivalent to 7% of the number of units sold under the offering. Each finders option, entitles the finder to purchase a common share for \$0.03 per share for a period up to two years. 466,666 finders options were issued to the finders on December 23, 2024.

On December 31, 2024, the Company closed a private placement of 2,600,000 units at a price of \$0.025 per unit for gross proceeds of \$65,000. Each unit is comprised of one common share of the Company and one half of a common share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one additional common share at an exercise price of \$0.05 per share purchase warrant for a period of 24 months from closing. There were no cash finders fees paid or finders options issued in connection with the December 31, 2024 unit issuance. Share issuance costs of approximately \$45,000 were incurred related to the issuance of units for the November and December 2024 private placement.