

Genesis AI Corp.

Condensed Interim Financial Statements

For the Six Months Ended December 31, 2025

(Expressed in Canadian dollars)

Condensed Interim Statements of Financial Position
Condensed Interim Statements of Comprehensive Loss
Condensed Interim Statements of Cash Flows
Condensed Interim Statements of Changes in Deficiency
Condensed Interim Notes to the Financial Statements

NOTICE TO READER

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

The Company's independent auditors have not performed a review of these condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Genesis AI Corp.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars - Unaudited)

	Notes	As at December 31, 2025 (unaudited) \$	As at June 30, 2025 (audited) \$
ASSETS			
Current			
Cash		26,527	26,125
Amounts receivable		10,799	14,182
Prepaid expense		8,817	2,204
		<u>46,143</u>	<u>42,511</u>
		<u>46,143</u>	<u>42,511</u>
LIABILITIES			
Current			
Accounts payable and accrued liabilities	7	1,303,134	1,200,555
Interest payable	7	15,901	11,500
Short-term loan	7	90,000	40,000
		<u>1,409,035</u>	<u>1,252,055</u>
SHAREHOLDERS' DEFICIENCY			
Share capital	6	27,092,568	27,092,568
Reserves	6	3,963,868	3,959,143
Accumulated deficit		(32,419,328)	(32,261,255)
		<u>(1,362,892)</u>	<u>(1,209,544)</u>
		<u>46,143</u>	<u>42,511</u>

Corporate information and going concern (Note 1)

Approved on behalf of the Board of Directors:

/s/ Devinder Randhawa
Director

/s/ Jamie Bannerman
Director

The accompanying notes are integral to these condensed interim financial statements.

Genesis AI Corp.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars - Unaudited)

	Notes	For the three months ended December 31, 2025 \$	For the three months ended December 31, 2024 \$	For the six months ended December 31, 2025 \$	For the six months ended December 31, 2024 \$
REVENUES	8	-	209,524	-	314,286
EXPENSES					
Consulting and management fees	7	40,500	42,000	81,000	106,500
Interest expense	7	2,250	1,000	4,401	2,000
General and administration		5,732	57,821	9,830	156,389
Investor relations, marketing and advertising		-	400	40	11,798
Professional fees		24,484	20,500	24,484	20,500
Regulatory and filing		6,341	9,412	32,741	35,347
Research and development expense		-	133,066	852	435,870
Stock-based compensation		3,738	27,224	4,725	27,224
LOSS FROM CONTINUING OPERATIONS BEFORE OTHER ITEMS		(83,045)	(81,899)	(158,073)	(481,342)
NET LOSS AND COMPREHENSIVE LOSS		(83,045)	(81,899)	(158,073)	(481,342)
Basic and diluted net loss per common share		(0.01)	(0.00)	(0.03)	(0.01)
Weighted average number of common shares outstanding		6,294,389	6,294,389	6,294,389	6,294,389

The accompanying notes are integral to these condensed interim financial statements.

Genesis AI Corp.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars - Unaudited)

	For the six months ended December 31, 2025	For the six months ended December 31, 2024
	\$	\$
OPERATING ACTIVITIES		
Net loss for the period	(158,073)	(481,343)
Share-based compensation	4,725	27,224
Changes in non-cash working capital items:		
Prepaid expense	(6,613)	(430)
Amounts receivable	3,383	35,456
Accounts payable and accrued liabilities	102,579	284,273
Interest payable	4,401	2,000
	(49,598)	(132,818)
FINANCING ACTIVITIES		
Proceeds from related party loan	50,000	-
	50,000	-
CHANGE IN CASH	402	(132,818)
CASH, BEGINNING OF THE PERIOD	26,125	226,194
CASH, END OF THE PERIOD	26,527	93,376

The accompanying notes are integral to these condensed interim financial statements.

Genesis AI Corp.
CONDENSED INTERIM STATEMENTS OF CHANGES IN DEFICIENCY
(Expressed in Canadian dollars - Unaudited)

	Number of Common Shares*	Amount \$	Share Capital Share-based Payments \$	Reserve Accumulated Deficit \$	Total Deficiency \$
As at June 30, 2024	62,943,885	27,092,568	3,897,568	(31,395,777)	(405,641)
Share-based compensation	-	-	-	27,224	27,224
Net loss for the period	-	-	-	(481,342)	(481,342)
As at December 31, 2024	62,943,885	27,092,568	3,897,568	(31,878,119)	(859,759)
As at June 30, 2025	6,294,389	27,092,568	3,959,143	(32,261,255)	(1,209,544)
Share-based compensation	-	-	4,725	-	4,725
Net loss for the period	-	-	-	(158,073)	(158,073)
As at December 31, 2025	6,294,389	27,092,568	3,963,868	(32,419,328)	(1,362,892)

*The company completed a 10 for 1 share consolidation in March 2025.

The accompanying notes are integral to these condensed interim financial statements.

1. CORPORATE INFORMATION AND GOING CONCERN

Genesis AI Corp. (the “Company”) is a company incorporated on June 30, 2005, under the Business Corporation Act of British Columbia, Canada. The registered, records office of the Company and the principal office of operations is 750-1620 Dickson Avenue, Kelowna, British Columbia, V1Y 9Y2. The Company’s shares are publicly listed on the Canadian Securities Exchange (“CSE”) under the symbol “AIG” and on the OTCQB Venture Market (“OTCQB”) under the symbol “AIGFF”.

These financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet all its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. The Company has incurred losses since its inception and has an accumulated deficit of \$32,419,328 at December 31, 2025 (June 30, 2025 - \$32,261,255 deficit). The Company has a need for financing for working capital and to continue the development of its business. The ability of the Company to continue as a going concern is dependent upon the continued financial support of its shareholders, other investors and lenders and the identification and development of a viable business opportunity. These factors indicate the existence of a material uncertainty that raises significant doubt about the Company’s ability to continue as a going concern.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2. BASIS OF PREPARATION AND MEASUREMENT

a) Statement of compliance with International Financial Reporting Standards

These financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These financial statements were approved and authorized for issue by the Board of Directors on February 27, 2026.

b) Basis of measurement

Depending on the applicable IFRS requirements, the measurement basis used in the preparation of these financial statements is cost, net realizable value, fair value or recoverable amount. These financial statements, except for the statement of cash flows, are based on the accrual basis.

c) Presentation and functional currency

The functional currency of the Company is the Canadian dollar and, unless otherwise specified, all dollar amounts in these financial statements are expressed in Canadian dollars. The functional currency is the currency of the primary economic environment in which the Company operates.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods presented in these financial statements unless otherwise indicated.

Significant accounting judgments, estimates and assumptions – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

Intangible assets – Depreciation of intangible assets is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets. The Company's intangible assets have an indefinite useful life and are not amortized.

Critical judgments

Going concern of operations

Management has made the determination that the Company will continue as a going concern for the next year.

Significant estimates and assumptions

Functional Currency – The functional currency of the Company is the Canadian dollar. All amounts in these financial statements are expressed in Canadian dollars unless otherwise noted.

Cash and cash equivalents – The Company considers deposits with banks or highly liquid short-term interest-bearing securities that are readily convertible to known amounts of cash and those that have maturities of three months or less when acquired to be cash equivalents. The Company did not have any cash equivalents December 31, 2025, and June 30, 2025.

Intangible asset– Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. A change in the expected useful life of the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. The Company's intangible assets have an indefinite useful life and are not amortized.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue recognition - Revenue is recognized upon transfer of control of promised products or services to the customer at the consideration which the Company has received or expects to receive in exchange for those products or services. The Company enters into contracts that can include combinations of services, which are generally capable of being distinct and accounted for as separate performance obligations. The Company determines the amount of revenue to be recognized through application of the following steps: identification of the contract, or contracts with a customer; identification of the performance obligations in the contract; determination of the transaction price; allocation of the transaction price to the performance obligations in the contract; and recognition of revenue when or as the Company satisfies the performance obligations. Payments received in advance are recorded as deferred revenue and subsequently recognized as revenue as earned. The Company is seeking new business ventures and financing.

Share capital - Common shares issued for non-monetary consideration are recorded at their fair market value on the date of share issuance. Costs incurred to issue shares are deducted from share capital.

Share-based payment transactions - Share-based compensation expense relates to stock options as well as cash and equity settled restricted share units (“RSUs”). The grant date fair values of stock options and equity settled RSUs granted are recognized as an expense, with a corresponding increase in reserves in equity, over the vesting period. The amount recognized as an expense is based on the estimate of the number of awards expected to vest, which is revised if subsequent information indicates that actual forfeitures are likely to differ from the estimate. Upon exercise of stock options, the consideration paid by the holder is included in share capital and the related reserves associated with the stock options exercised is reclassified into share capital. Upon vesting of equity settled RSUs, the related reserves associated with the RSUs are reclassified into share capital.

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

For cash settled RSUs, the fair value of the RSUs are recognized as share-based compensation expense, with a corresponding increase in accrued liabilities over the vesting period. The amount recognized as an expense is based on the estimate of the number of RSUs expected to vest. Cash settled RSUs are measured at their fair value at each reporting period on a mark-to-market basis. Upon vesting of the cash settled RSUs, the liability is reduced by the cash payout.

The Company’s financial instruments are classified and subsequently measured as follows:

Account	Classification
Cash	Amortized cost
Amounts receivable (excluding GST/sales tax receivable)	Amortized cost
Loans receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Short-term loan	Amortized cost

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment - The Company recognizes an allowance using the expected credit loss (“ECL”) model on financial assets classified as subsequently measured at amortized cost. The Company has elected to use the simplified approach for measuring ECL by using a lifetime expected loss allowance for all amounts recoverable. Under this model, impairment provisions are based on credit risk characteristics and days past due. When there is no reasonable expectation of collection, financial assets classified as subsequently measured at amortized cost are written off. Indications of credit risk arise based on failure to pay and other factors. Should objective events occur after an impairment loss is recognized, a reversal of impairment is recognized in the statement of comprehensive loss.

New, amended and future accounting standards and interpretations – The IFRS pronouncements listed below become effective:

Amendments to IAS 1 *Presentation of Financial Statements* relating to the classification of liabilities and disclosure of covenants became effective for annual periods beginning on or after January 1, 2024. The Company reviewed these amendments in preparing these financial statements and has determined that they did not result in a material change to the classification of its liabilities. In addition, amendments to IAS 1 and IAS 8 clarified the definition of “material” and require entities to disclose material rather than significant accounting policy information. The Company has updated its disclosures accordingly.

Further, amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* on lack of exchangeability are effective for annual reporting periods beginning on or after January 1, 2025, and amendments to IFRS 9 and IFRS 7 on the classification and measurement of financial instruments are effective for annual reporting periods beginning on or after January 1, 2026. The Company evaluated the impact of these amendments and concluded there are no material effect on its financial statements.

4. DEPOSIT

Treelab Carbon Technologies Inc.

On May 17, 2022 (the “Effective Date”), the Company entered into an option agreement with Treelab Carbon Technologies Inc. (“Treelab”) to purchase all the issued and outstanding shares of Treelab. To exercise the option, the Company must:

- Pay \$50,000 to Treelab (paid) on the Effective Date, and
- Issue common shares of the Company equal to \$2,500,000 CDN based on a 5-day volume weighted average price of the Company’s common shares within three years of the Effective Date.

Upon exercise of the option, Treelab will become a wholly owned subsidiary of the Company.

The CEO of the Company is a 50% shareholder of Treelab.

During the year ended June 30, 2023, Treelab repaid \$20,000 of the deposit. During the year ended June 30, 2025, the remaining \$30,000 was written off as there has been a prolonged period of inactivity and no further developments with respect to the option agreement.

5. INTANGIBLE ASSETS

Carbonethic Holdings Inc

On September 1, 2023, the Company signed an asset purchase agreement (the “Agreement”) with Carbonethic Holdings Inc. to acquire certain intellectual property (the “Technology Assets”). Pursuant to the Agreement, the purchase price is comprised of a series of payments and contingent payments. To acquire the Technology Assets, the Company paid an aggregate of \$100,000 and must make further fully contingent payments equal to five percent of revenues for a period of 36 months from the date of commercial launch of the Technology Assets, up to a maximum of \$1,500,000. As of June 30, 2025, no further payments have been made, and the \$100,000 carrying value has been written off due to the prolonged period of inactivity and no further developments under the purchase agreement.

6. SHARE CAPITAL AND RESERVES

a) Authorized

Unlimited voting common shares without par value.

Unlimited non-voting preferred shares with a par value of \$1 CDN each (none issued).

The non-voting preferred shares are redeemable at \$1,000 per share. Preferred shares are redeemable in whole or in part upon 21 days’ written notice from either the Company or the holder. Upon redemption, the holder is entitled to receive the redemption amount plus any declared and unpaid dividends. There are no non-voting preferred shares issued and outstanding.

Common shares are entitled to receive dividends as declared by the directors in their sole discretion from time to time, and preferred shares are entitled to non-cumulative dividends at the discretion of the directors and at a rate to be determined by the directors at the time of issuance of the preferred shares, as a percentage of the redemption amount thereof, per annum.

On March 13, 2025, the Company consolidated its common shares on a ten to one basis. All share capital figures presented in these financial statements reflect the ten-to-one share consolidation that took place on March 13, 2025.

b) Issued and Outstanding - Common Shares

For the period ended December 31, 2025 and the year ended June 30, 2025

No share capital activity.

6. SHARE CAPITAL AND RESERVES (continued)

c) Share Purchase Warrants

	Number of Warrants	Weighted Average Exercise Price
		\$
Warrants outstanding, June 30, 2024	3,567,627	1.10
Expired	(520,000)	2.00
Warrants outstanding, June 30, 2025	3,047,627	0.94
Expired	(2,047,627)	1.10
Warrants outstanding, December 31, 2025	1,000,000	0.60

As at December 31, 2025, the Company had warrants outstanding as follows:

Expiry Date	Exercise Price	Outstanding	Remaining Contractual Life (Years)
July 6, 2026	\$0.60	1,000,000	0.51

As at December 31, 2025, the weighted average remaining life of warrants outstanding was 0.51 years (2025 – 1.02 years).

d) Stock Options

The Company has a stock option plan that provides for the issuance of stock options to its officers, directors, employees and consultants. Stock options must be non-transferable and the aggregate number of shares that may be reserved for issuance pursuant to stock options may not exceed 10% of the issued shares of the Company at the time of granting and may not exceed 5% to any individual.

6. SHARE CAPITAL AND RESERVES (continued)

The exercise price of stock options is determined by the Board of Directors of the Company at the time of grant and may not be less than the closing market price of the Company's shares on the day immediately prior to the award date, less any discount which may be permitted by the exchange on which the Company is listed. Options have a maximum term of five years. Upon exercise of any stock options, consideration paid by the option holder together with the amount previously recognized in reserves is recorded as an increase to share capital.

For the period ended December 31, 2025 and the year ended June 30, 2025

No options were granted during these periods.

	Number of Options	Weighted Average Exercise Price
		\$
Options outstanding, June 30, 2024	300,000	0.95
Options outstanding, June 30, 2025	300,000	0.95
Options outstanding, December 31, 2025	300,000	0.95

As at December 31, 2025, the Company had options outstanding as follows:

Expiry Date	Exercise Price	Outstanding	Exercisable	Remaining Contractual Life (Years)
June 23, 2028	\$1.00	270,000	270,000	2.48
June 7, 2029	\$0.50	30,000	10,000	3.44

As at December 31, 2025, the weighted average remaining life of options outstanding was 2.58 years (2025 – 3.08 years).

e) Restricted share unit plan

The Company's restricted share unit ("RSU") plan provides RSUs to be issued to directors, officers, employees and consultants of the Company and any personal holding company of such individuals so that they may participate in the growth and development of the Company. Subject to the specific provisions of the RSU plan, eligibility, vesting period, terms of the RSUs and the number of RSUs granted are to be determined by the Board of Directors at the time of the grant. The RSU plan allows the Board of Directors to issue common shares of the company as equity settled RSUs, provided that, when combined, the maximum number of common shares reserved for issuance under all share-based compensation arrangements of the Company does not exceed 10% of the Company's outstanding common shares.

6. SHARE CAPITAL AND RESERVES (continued)

On June 7, 2024, the Company issued 30,000 RSUs to a director of the Company. These RSUs vest on a semi-annual basis over a period of three years commencing on December 7, 2024. The estimated fair value of these RSUs is \$16,500 and will be recognized as an expense over the vesting period of the RSUs.

The following table summarizes the movements in the Company's outstanding RSUs for the six-month period ended December 31, 2025 and the year ended June 30, 2025:

	Equity settled	Cash settled	Total	Weighted average exercise price
Balance at June 30, 2024	30,000	-	30,000	\$ 0.55
Balance at June 30, 2025	30,000	-	30,000	\$ 0.55
Balance at December 31, 2025	30,000	-	30,000	\$ 0.55

As at December 31, 2025, the RSUs have a weighted average remaining life of 1.43 years (2025 – 1.94 years).

The following table summarizes the RSUs issued and outstanding:

RSUs Outstanding and Exercisable				
Expiry Date	Number of RSUs	Exercisable	Exercise price	Remaining life (Years)
June 7, 2027	30,000	15,000	\$0.55	1.43

7. RELATED PARTY TRANSACTIONS

The Company has identified its directors, officers and companies controlled by them as its key management personnel.

Amounts paid or accrued to key management personnel and/or entities over which they have control during the following periods are as follows:

	For the six months ended December 31, 2025	For the six months ended December 31, 2024
	\$	\$
Key management personnel compensation	75,000	75,500

Balances Payable

The Company owed the following balances to related parties and/or entities over which they have control:

- \$550,353 (June 30, 2025 - \$485,545) in management fees and reimbursable expenses, \$90,000 (June 30, 2025 - \$40,000) short term loan owing with interest payable of \$15,901 (June 30, 2025 - \$11,500) to a private company controlled by the Company's CEO. The loan is unsecured, due on demand, and bears an annual interest rate of 10%.
- \$18,475 (June 30, 2025 - \$18,475) in consulting fees to a director of the Company.
- \$111,075 (June 30, 2025 - \$95,325) in consulting fees to the CFO of the Company.

7. RELATED PARTY TRANSACTIONS (continued)

During the year ended June 30, 2024, the Company settled an aggregate of \$284,650 owing to related parties by the issuance of shares (Note 6).

Transactions

During the six months ended December 31, 2025, the Company paid or accrued the following fees to related parties:

- \$60,000 (2025 - \$60,500) in management fees to a company controlled by the Company's CEO.
- \$15,000 (2025 - \$15,000) in professional fees to a company controlled by the Company's CFO.

See Note 8.

8. CONTRACTS RELATED TO REVENUE

On March 3, 2024, and amended on May 13, 2024, the Company entered a definitive agreement to develop machine learning technology for an exploration mining company and agreed to receive a series of payments totaling \$1,275,000 based on certain developmental milestones. During the twelve months ended June 30, 2025 the Company received \$314,286 (2024 - \$690,476) exclusive of sales tax. The Company and the exploration mining company have common officers. This contract was terminated as of June 12, 2025.

9. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of components of shareholders' equity. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- Market risk
- Credit risk
- Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

General Objectives, Policies, and Processes

The Board of Directors of the Company has overall responsibility for the determination of the Company's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to senior management. The overall objective of the Board of Directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk. The Company is not currently exposed to interest rate risk or commodity price risk.

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 contractual obligations. The financial instruments that are potentially subject to credit risk are cash, amounts receivable (excluding GST) and loans receivable. The carrying amounts of these financial assets represent their maximum credit exposure. Cash is maintained with a financial institution of reputable credit and may be redeemed upon demand.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.