



VVC EXPLORATION CORPORATION

Consolidated Financial Statements
Years ended January 31, 2025 and 2024

TABLE OF CONTENTS

Independent Auditor's Report	3
Consolidated Statements of Financial Position	7
Consolidated Statements of Loss and Comprehensive Income (Loss)	8
Consolidated Statements of Changes in Shareholders' Equity	9
Consolidated Statements of Cash Flows	10
Notes to Consolidated Financial Statements	11
1. Nature of Operations and Going Concern.....	11
2. Summary of Significant Accounting Policies	11
3. Recent Accounting Pronouncements	15
4. Deposits and Other Receivables	15
5. Investment	16
6. Property and Equipment	16
7. Accounts Payable and Accrued Liabilities	17
8. Loan Payable	17
9. Deferred Royalty Receipts	17
10. Asset Acquisition & Payable on Asset Purchase	17
11. Related Party Transactions and Balances	19
12. Asset Retirement Obligation	19
13. Share Capital	20
(a) Authorized	20
(b) Issued	20
(c) Stock Options	20
(d) Warrants	21
14. Loss Per Share	21
15. Segmented Information.....	22
16. Capital Management	22
17. Financial Instruments and Risk Management	22
18. Income Taxes.....	24
19. Revenue	25

To the Shareholders of VVC Exploration Corporation:

Opinion

We have audited the consolidated financial statements of VVC Exploration Corporation and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at January 31, 2025 and January 31, 2024, and the consolidated statements of loss and comprehensive income, changes in shareholders' equity (deficit) 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 consolidated financial position of the Company as at January 31, 2025 and January 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company had a working capital deficiency and an accumulated deficit as at January 31, 2025. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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, we have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of Investment

Key Audit Matter Description

The Company holds 7,864,743 shares of Cyber App Solutions Corp. ("Cyber App") which are measured at fair value and are remeasured at each reporting date with gains or losses reflected in other comprehensive income (loss). The calculation of the fair value involves significant judgements including Level 2 inputs which increases the complexity of the estimate. Due to the significant judgement involved in determining the fair value of the investment, we consider this to be a key audit matter. Refer to Note 2 Summary of Material Accounting Policies and Note 5 Investment of the consolidated financial statements.

Audit Response

We responded to this matter by performing audit procedures relating to the valuation of the investment. Our audit work in relation to this included, but was not restricted to, the following:

- Obtained a confirmation directly from Cyber App, confirming the total number of shares held by the Company and the details of the most recent private placement.
- With the assistance of internal valuation specialists, evaluated the reasonability of management's valuation of the investment in Cyber App and the appropriateness of the inputs used in the valuation, and recalculated the fair value.
- Assessed the appropriateness of the related disclosures.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Andrew Kevin Spidle.

Mississauga, Ontario

May 30, 2025

The logo for MNP LLP, featuring the letters 'MNP' in a large, bold, black serif font, followed by 'LLP' in a smaller, black serif font.

Chartered Professional Accountants

Licensed Public Accountants

VVC Exploration Corporation

Consolidated Statements of Financial Position

January 31, 2025 2024

Assets

Current assets

Cash	\$ 7,393	\$ 3,263,929
Deposits and other receivables (Note 4)	23,230	90,954

	30,623	3,354,883
Investment (Note 5)	34,994,960	13,560,543
Property and Equipment (Note 6)	1,658,293	1,683,688

	\$ 36,683,876	\$ 18,599,114
--	---------------	---------------

Liabilities

Current liabilities

Accounts payable and accrued liabilities (Note 7)	\$ 2,574,567	\$ 1,643,033
Loan payable (Note 8)	2,232,000	2,130,814
Deferred royalty receipts (Note 9)	4,942,621	4,572,620
Exploration obligation (Note 10)	282,251	603,068

	10,031,439	8,949,535
--	------------	-----------

Asset retirement obligation (Note 12)	317,703	281,810
Deferred tax liability (Note 18)	987,001	-

	11,336,143	9,231,345
--	------------	-----------

Shareholders' equity (deficit)


Share capital (Note 13 (b))	47,286,340	47,286,340
Contributed surplus (Notes 13 (c) and 13 (d))	15,136,816	14,654,796
Accumulated other comprehensive income	29,785,527	11,528,869
Deficit	(66,860,950)	(64,102,236)

	25,347,733	9,367,769
--	------------	-----------

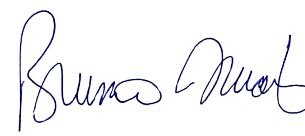
	\$ 36,683,876	\$ 18,599,114
--	---------------	---------------

Going Concern (Note 1)

Approved by the Board



Director



Director

VVC Exploration Corporation

Consolidated Statements of Loss and Comprehensive Income

For the Years Ended January 31,	2025	2024
Revenue (Note 19)	\$ 100,320	\$ 30,314
Expenses		
Mineral property expenses (Notes 9 and 10)	3,846,222	2,164,177
Stock-based compensation (Note 13)	482,020	419,703
Management and consulting fees	886,426	813,457
Professional fees	366,772	231,381
Investor relations	5,378	210,210
Interest and accretion expense (Notes 8 and 12)	166,630	212,107
Office and sundry	254,532	109,288
Listing and transfer fees	15,900	13,925
Rent	34,616	31,184
Travel and promotion	71,974	72,168
Telephone	5,405	6,740
Depreciation (Note 6)	89,959	104,137
Bank charges	2,057	11,474
	6,227,891	4,399,951
Loss before the undernoted:	(6,127,571)	(4,369,637)
Loss on debt extinguishment (Note 10)	-	(178,190)
Loss before income taxes	(6,127,571)	(4,547,827)
Income tax recovery (Note 18)	2,125,362	2,600,000
Net loss for the year	(4,002,209)	(1,947,827)
Basic and diluted loss per share (Note 14)	\$ (0.01)	\$ 0.00

Consolidated Statements of Comprehensive Income

Net loss	\$ (4,002,209)	\$ (1,947,827)
Exchange adjustment	(255,903)	63,838
FVTOCI, net of income taxes	19,756,056	17,530,563
Net comprehensive income for the year	\$ 15,497,944	\$ 15,646,574

VVC Exploration Corporation

Consolidated Statements of Changes in Shareholders' Equity (Deficit)

As at January 31,	2025	2024
Share Capital (Note 13)		
Balance, opening	\$ 47,286,340	\$ 47,286,340
Balance	47,286,340	47,286,340
Contributed Surplus		
Balance, opening	14,654,796	13,717,902
Stock-based compensation (Note 13)	482,020	419,703
Fair value of warrants issued on debt settlement (Note 10)	-	517,191
Balance	15,136,816	14,654,796
Accumulated Other Comprehensive Income		
Beginning balance	11,528,869	(348,599)
Change in foreign exchange	(255,903)	63,838
Reclassified gain on investment sold, net of income taxes (Note 5)	(1,243,495)	(5,716,933)
Unrealized gain on investment (Note 5)	19,756,056	17,530,563
Balance	29,785,527	11,528,869
Deficit		
Balance, opening	(64,102,236)	(67,871,342)
Net loss	(4,002,209)	(1,947,827)
Reclassified gain on investment sold, net of income taxes (Note 5)	1,243,495	5,716,933
Balance	(66,860,950)	(64,102,236)
Total shareholders' equity	\$ 25,347,733	\$ 9,367,769

VVC Exploration Corporation

Consolidated Statements of Cash Flows

For the Years Ended January 31,	2025	2024
Cash flow from operating activities		
Loss for the year	\$ (4,002,209)	\$ (1,947,827)
Items not affecting cash:		
Depreciation (Note 6)	89,959	104,137
Recovery of income taxes (Note 18)	(2,125,362)	(2,600,000)
Stock-based compensation (Note 13)	482,020	419,703
Interest and accretion expense	171,210	58,235
Unrealized loss on foreign exchange	167,464	-
Exploration obligation	(369,615)	-
Non-cash mineral property expense	323,278	-
Loss on extinguishment of debt	-	178,190
	(5,263,255)	(3,787,562)
Change in non-cash working capital:		
Deposits and other receivable	67,724	(68,011)
Accounts payable and accrued liabilities	764,904	142,048
	(4,430,627)	(3,713,525)
Cash flow from investing activities		
Proceeds from the sale of investment (Note 5)	1,119,002	6,593,500
Deferred royalty receipts	-	201,585
	1,119,002	6,795,085
Cash flow from financing activities		
Advance (repayment) of Loan payable	(69,000)	66,985
	(69,000)	66,985
Effects of changes in foreign exchange	124,089	65,502
Change in cash	(3,256,536)	3,214,047
Cash, beginning of year	3,263,929	49,882
Cash, end of year	\$ 7,393	\$ 3,263,929
Supplemental cash flow information		
Debt extinguishment (Note 10)	\$ -	\$ 339,001

VVC Exploration Corporation

Notes to Consolidated Financial Statements For the Year Ended January 31, 2025

1. NATURE OF OPERATIONS AND GOING CONCERN

VVC Exploration Corporation (the "Company") was incorporated on April 11, 1983 under the Company Act (British Columbia) and in August 2003, was continued federally under the Canada Business Corporations Act. The Company's principal business activities include the exploration and development of helium, natural gas and precious metals mineral properties in Canada, the United States and Mexico.

For the Company's exploration stage mineral properties, the Company is in the process of exploration and has not yet determined whether they contain economically recoverable reserves. The recoverability of amounts shown for exploration stage mineral properties is dependent upon the discovery of economically recoverable ore reserves in its mineral properties, the ability of the Company to obtain the necessary financing to complete development, maintenance of the Company's interest in the underlying mineral claims and leases and upon future profitable production from or the proceeds from the disposition of its mineral properties.

In order to meet future expenditures and cover administrative costs, the Company will need to raise additional financing. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company. As at January 31, 2025, the Company has an accumulated deficit of \$(66,860,950) and working capital of \$(10,000,816). The working capital is not considered sufficient to settle the Company's current liabilities and pay for its operating activities over the next 12 months.

Due to these circumstances, there exists a material uncertainty that casts significant doubt on the Company's ability to continue as a going concern.

These consolidated financial statements were approved by the Board of Directors on May 30, 2025.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with IFRS^(R) Accounting Standards issued by the International Accounting Standards Board ("IASB") and IFRIC^(R) Interpretations of the IFRS^(R) Interpretations Committee

These consolidated financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The preparation of the consolidated financial statements in accordance with IFRS^(R) requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below:

Basis of presentation and consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, VVC Exploracion de Mexico, S. de R.L. de C.V., Samalayuca Cobre S.A de C.V. ("Samalayuca"), both incorporated under the laws of Mexico, Camex Mining Development Group Inc. ("Camex"), a company incorporated under the laws of Canada, Plateau Helium Corporation and Plateau Operating Corporation (collectively "PHC"), both incorporated under the laws of Wyoming and, Plateau Helium Syracuse I LP and Plateau Helium Syracuse 2 LP, both incorporated under the laws of Wyoming. All intercompany transactions and balances have been eliminated upon consolidation.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets held with an objective to hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest are measured at amortised cost using the effective interest method. Investments held with an objective to hold the assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of fair value are measured at fair value through other comprehensive income ("FVTOCI") as per irrevocable election made by the Company.

VVC Exploration Corporation

Notes to Consolidated Financial Statements For the Year Ended January 31, 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

All other financial assets are classified and measured at fair value through profit or loss ("FVTPL"). Financial liabilities are classified as either FVTPL or other financial liabilities, and the portion of the change in fair value that relates to the Company's credit risk is presented in other comprehensive income. Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in net income. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities, other than financial assets and financial liabilities classified as FVTPL or FVOCI, are added to or deducted from the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in consolidated statements of loss and comprehensive income.

Expected Credit Losses

The impairment model under IFRS 9 is applicable to financial assets measured at amortized cost where any expected future credit losses are provided for, irrespective of whether a loss event has occurred as at the reporting date. The Company's only financial assets subject to impairment are cash and note receivable which are measured at amortized cost. The Company has elected to apply the simplified approach on impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. An impairment loss is reversed in subsequent years if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized. The Company has measured the lifetime expected credit losses taking into consideration historical credit loss experience and financial factors specific to debtors and other relevant factors.

Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial liabilities

A financial liability is derecognized from the balance sheet when it is extinguished, that is, when the obligation specified in the contract is either discharged, cancelled or expires. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A gain or loss from extinguishment of the original financial liability is recognized in profit or loss.

The Company's financial instruments include cash, investment, accounts payable and accrued liabilities, payable on asset purchase and loan payable.

Below is a summary showing the classification and measurement basis of the Company's financial instruments under IFRS 9:

Financial Assets

Cash	Amortized cost
Helium and gas receivables	Amortized cost
Investment	FVTOCI

Financial Liabilities

Accounts payable	Amortized cost
Payable on asset purchase	Amortized cost
Loan payable	Amortized cost

VVC Exploration Corporation

Notes to Consolidated Financial Statements For the Year Ended January 31, 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Convertible debentures are accounted for as a compound financial instrument with a debt component and a separate equity component. The debt component of these compound financial instruments is measured at fair value on initial recognition by discounting the stream of future interest and principal payments at the rate of interest prevailing at the date of issue for instruments of similar term and risk. The debt component is subsequently deducted from the total carrying value of the compound instrument to derive the equity component. The debt component is subsequently measured at amortized cost using the effective interest rate method. Interest expense based on the coupon rate of the debenture and the accretion of the liability component to the amount that will be payable on redemption are recognized through profit or loss as accretion.

Revenue recognition

Revenue is accounted in accordance with IFRS 15. The Company classifies its revenues as being earned from sales of royalty interest (participation units), helium and other natural gasses. Revenue is measured based on the consideration specified in the contracts that the Company has with its customers. The Company recognizes revenue when it transfers control of the product to the buyer. This is generally at the time the customer obtains legal title to the product and when it is physically transferred to the delivery mechanism agreed with the customer, including pipelines or other transportation methods.

Mineral properties

Mineral property acquisition costs and related direct exploration and development expenditures, net of recoveries, are charged to the consolidated statements loss and comprehensive income. Mineral property expenses include any cash consideration paid, and the fair market value of shares issued, if any, on the acquisition of property interests.

Property and Equipment

Property and equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statements of loss and comprehensive income. Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

The Company provides for depreciation of its property and equipment at the following methods and annual rates:

Machinery and equipment	Straight Line, 10 years
Pipeline	Straight Line, 20 years

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share purchase warrants are recognized as a deduction from equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

Proceeds received on the issuance of units, consisting of common shares and share purchase warrants, are allocated to common shares and warrants on a relative fair value basis whereby the common shares are valued based on the quoted market price of the common shares at the time the units are issued, and the share purchase warrants are valued using the Black-Scholes option pricing model.

Asset Retirement Obligation

The Company recognizes liabilities for constructive or legislative and regulatory obligations, including those associated with the reclamation of mineral properties and oil and gas properties when those obligations result from the acquisition, development or normal operation of assets. Provisions are measured at the present value of the expected expenditures required to settle the obligation using a pre-tax discount rate reflecting the time value of money and risks specific to the liability. The liability is increased for accretion expense, and is adjusted for changes to the current market-based risk-free discount rate, and the amount or timing of the underlying cash flows needed to settle the obligation. The associated restoration costs are capitalized or expensed on a case by case basis. If capitalized, the amount forms part of the carrying amount of the related long-lived asset and depreciated over the expected useful life of the asset. If expensed, the amount is charged as exploration costs. The obligation is released when the property is no longer generating revenues and the property is restored to its original state.

VVC Exploration Corporation

Notes to Consolidated Financial Statements For the Year Ended January 31, 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Stock-based compensation

Stock options and warrants awarded to non-employees are accounted for using the fair value of the instrument awarded or service provided whichever is considered more reliable. Stock options and warrants awarded to employees are accounted for using the fair value method. The fair value of such stock options and warrants granted is recognized as an expense on a proportionate basis consistent with the vesting features of each tranche of the grant. The fair value is calculated using the Black-Scholes option pricing model with assumptions applicable at the date of grant.

Loss per share

Basic loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the year after giving effect to potentially dilutive financial instruments. The dilutive effect of stock options and warrants is determined using the treasury stock method.

Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting year, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting year and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting year end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Foreign exchange

These audited consolidated financial statements are presented in Canadian dollars, which is the Company's presentation currency.

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company's Mexican subsidiaries, including the recently acquired Samalayua is the Mexican Peso ("MXN"). The functional currency of PHC is the U.S dollar ("US").

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the statement of operations and deficit. Assets and liabilities of entities with functional currencies other than Canadian dollars are translated into the presentation currency at the year end rates of exchange, and the results of their operations are translated at average rates of exchange for the respective year. The resulting translation adjustments are included in accumulated other comprehensive income in shareholders' equity. Additionally, foreign exchange gains and losses related to certain intercompany loans that are not expected to be repaid in the foreseeable future are included in accumulated other comprehensive income. Elements of equity are translated at historical rates.

VVC Exploration Corporation

Notes to Consolidated Financial Statements For the Year Ended January 31, 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Measurement uncertainty and significant judgements

The preparation of the consolidated financial statements, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those reported.

Significant estimates used in the preparation of these consolidated financial statements include, but are not limited to, valuation of the investment (note 5), stock-based compensation (note 15), estimation of the exploration obligation (note 10), valuation of payable on asset purchase (note 10), impairment of long lived assets (note 6) and asset retirement obligation (note 12).

Investment Valuation

The investment is measured at fair value through other comprehensive income as per an irrevocable election made by the Company. Determining the fair value of the investment requires the Company to determine the most appropriate fair value input using the fair value hierarchy.

Option Valuation

The Black-Scholes option valuation model used by the Company to determine fair values was developed for use in estimating the fair value of freely traded options. This model requires the input of highly subjective assumptions including future stock price volatility and expected time until exercise. Changes in the subjective input assumptions can materially affect the fair value estimates, and therefore the existing model does not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants granted during the year.

Going Concern

The preparation of the consolidated financial statements requires management to make judgments regarding the going concern of the Company as previously discussed in Note 1 of the consolidated financial statements.

Impairment of Long Lived Assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. The recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value.

Asset Retirement Obligation

Accounting for restoration provisions requires management to make estimates of the future costs the Company will incur to complete the restoration and remediation work required to comply with existing laws, regulations and agreements in place related to the restoration sites and any environmental and social principles with which the Company complies. The calculation of the present value of these costs also includes assumptions regarding the timing of restoration and remediation work, applicable risk free interest rate for discounting those future cash outflows, inflation and foreign exchange rates. Actual costs incurred may differ from those amounts estimated.

3. RECENT ACCOUNTING PRONOUNCEMENTS

There were no recent accounting pronouncements that are considered to have an impact on the Company's operations or financial statements.

4. DEPOSITS AND OTHER RECEIVABLES

	2025	2024
Helium and gas receivables.	\$ -	\$ 28,082
Sales tax recoverable	17,506	57,146
Prepaid expenses	5,724	5,726
Balance	\$ 23,230	\$ 90,954

VVC Exploration Corporation

Notes to Consolidated Financial Statements For the Year Ended January 31, 2025

5. INVESTMENT

In 2022, the Company acquired a 19% interest in Proton Green LLC ("Proton Green"), a limited liability Company in the State of Wyoming for \$23,480. The Company does not have control or significant influence over Proton Green. Proton Green's primary purpose is the collection and storage of carbon emissions in an effort to aid in the reduction of US carbon emissions, helium sales and sales of food grade CO². The Company intends to hold the majority of its investment in Proton Green for the long-term. The investment is measured at fair-value and will be remeasured at each reporting date with gains or losses reflected in other comprehensive income.

On July 17, 2023, the Company sold one seventh (1/7) of its interest in Proton Green for \$6,593,500 (USD\$5,000,000). Prior to the sale, the Company's position was diluted to 13.91%. After the sale, the Company held an 11.91% in Proton Green. The Company recognized a gain through OCI of \$5,716,933 net of income taxes.

On July 28, 2023, Proton Green signed a definitive share exchange agreement with Cyber App Solutions (Ticker: CRYB). Upon closing the transaction, Proton Green became publicly traded by a reverse take over of Cyber App Solutions. The Company received 8,097,660 shares of Cyber App Solutions in exchange for its interest in Proton Green.

During the year ended January 31, 2024, the Company recognized an unrealized gain through OCI of \$17,530,563 net of income taxes of \$2,600,000.

During the year ended January 31, 2025, the Company sold 232,917 shares of Cyber App Solutions for \$1,434,002 (US\$1,020,002) and recognized a gain through OCI of \$1,243,495 net of income taxes.

The Company's 7,864,743 shares of Cyber App Solutions are carried at \$34,994,960 (2024 - \$13,560,543) on the consolidated statements of financial position. The value of the shares were determined based on the most recent sale of the shares to arms length parties for \$4.45 (USD\$3.09) per share. Due to the sale of shares by the Company and other dilution, the Company currently holds less than a 10% interest in Cyber App Solutions. The shares are remeasured through FVOCI.

During the year ended January 31, 2025, the Company recognized an unrealized gain through OCI of \$19,756,056 net of income taxes of \$3,112,363.

6. PROPERTY AND EQUIPMENT

Cost

	Pipeline	Equipment	Total
Balance, February 1, 2023	\$ 1,487,596	\$ 265,738	\$ 1,753,334
Effect of exchange rate changes	47,143	-	47,143
Balance, January 31, 2024	1,534,739	265,738	1,800,477
Effect of exchange rate changes	62,439	2,125	64,564
Balance, January 31, 2025	1,597,178	\$ 267,863	1,865,041
Accumulated Depreciation			
Balance, February 1, 2023	-	12,652	12,652
Depreciation	73,695	30,442	104,137
Balance, January 31, 2024	73,695	43,094	116,789
Depreciation	76,539	13,420	89,959
Balance, January 31, 2025	150,234	56,514	206,748

Carrying Amounts

At January 31, 2024	\$ 1,461,044	\$ 222,644	\$ 1,683,688
At January 31, 2025	\$ 1,446,944	\$ 211,349	\$ 1,658,293

VVC Exploration Corporation

Notes to Consolidated Financial Statements For the Year Ended January 31, 2025

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities	2025	2024
Other trade payables	\$ 109,660	\$ 212,502
Payables related to mineral properties	1,813,659	1,178,050
Amounts payable to related parties	651,248	252,481
Accounts payable and accrued liabilities	\$2,574,567	\$1,643,033

8. LOAN PAYABLE

(i) In 2022, the Company raised US\$1,500,000 (CA\$2,085,000) through a short-term loan facility provided by the Chairman of the Company's Board of Directors. The loan bears interest at an annual rate based on the Secured Overnight Financing Rate plus 2.75%. The loan is secured by a 1% interest in the Company's interest in Proton Green. The loan matured on May 31, 2024 and is currently due. The loan was assumed by the CEO and the President of the Company on the same terms.

(ii) In 2022, the Company received a short-term demand loan of US\$50,000 (CA\$67,500) from Plateau Oil and Gas Co. Limited, a Company in Kansas controlled by an officer of PHC. This short-term loan is due on demand. There are no other repayment terms. The short-term demand loan was repaid during the period.

(iii) In 2024, the Company received a short-term demand loan of US\$50,000 (CA\$66,985) from the Chairman of the Company's Board of Directors. This short-term loan is due on demand. There are no other repayment terms. The loan was assumed by the CEO and the President of the Company on the same terms.

Accounts payable and accrued liabilities include \$324,611 (2024 - \$157,981) of accrued interest related to these loans.

9. DEFERRED ROYALTY RECEIPTS

PHC is the general partner of Plateau Helium Syracuse LLP 2 ("Syracuse 2"). Syracuse 2 raised net proceeds of US\$3,252,500 (\$4,741,036) through the sale of participation units to certain limited partners. Participation units represent interests in drilled wells. The limited partners are entitled to 34% royalty on net revenues from the first 20 wells of the Syracuse 2 Project. The Syracuse 2 project is a cumulative 21,067 acre project. The funds raised by Syracuse 2 were transferred to PHC as the general partner to operate the Syracuse Project.

PHC is the general partner of Plateau Helium Corporation Kansas Oil Project, LP ("Kansas Oil Project LP"). Kansas Oil Project LP raised net proceeds of US\$150,000 (\$201,585) through the sale of participation units to certain limited partners. Participation units represent interests in drilled oil wells.

The receipts from the sale of participation units will be recognized over time as wells are drilled on the Syracuse 2 project and the Kansas Oil Project respectively. When recognized, the receipts will be allocated against the mineral property expenses on the consolidated statements of loss and comprehensive income. Any excess receipts will be allocated as a gain on the sale of interest in wells.

10. ASSET ACQUISITION AND PAYABLE ON ASSET PURCHASE

Samalayuca

Prior to November 2, 2020, the Company owned 45,000 common shares of Samalayuca which represented a 33.75% interest in Samalayuca, a mineral exploration company based in Mexico. The Company determined that it exercised significant influence but not control over Samalayuca and accounted for its investment in Samalayuca's shares using the equity method. On November 2, 2020, the Company acquired the remaining 66.25% (88,333 common shares) of Samalayuca for consideration of \$4,074,108, payable in cash of \$990,000 and the issuance of 27,200,000 shares at \$0.06 per share and 32,500,000 warrants of the Company. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of CA\$0.06 per share until November 2, 2025. The Company has control over 100% of the asset.

VVC Exploration Corporation

Notes to Consolidated Financial Statements For the Year Ended January 31, 2025

10. ASSET ACQUISITIONS AND PAYABLE ON ASSET PURCHASE (Continued)

The Company paid US \$350,000 (CA \$463,000) since the closing of the transaction with US \$400,000 (CA \$528,000) due within 19 months following the receipt of proceeds from the first sales of copper from the Samalayuca copper mine.

On December 30, 2023, the Company agreed to settle the debt through the issuance of 10,000,000 share purchase warrants at an exercise price \$0.06 per warrant. Each warrant is exercisable into common shares of the Company.

The fair value of the 10,000,000 share purchase warrants was estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%, risk-free interest rate of 3.17%, volatility of 128.9% and estimated life of 5 years. The estimated fair value assigned to the warrants was \$517,191.

The carrying value of the debt on the date of settlement was \$339,001. The debt extinguishment resulted in a loss on debt extinguishment of \$178,190.

Exploration Obligation

PHC is the general partner of Plateau Helium Syracuse LLP. Prior to the acquisition, Plateau Helium Syracuse LLP raised \$1,792,000 (US\$1,400,000) through the issuance and sale of participation units to certain limited partners. The limited partners are entitled to 28% royalty on net revenues from the first 10 wells of the Syracuse Project. The funds raised by Plateau Helium Syracuse LLP were transferred to PHC as the general partner to operate the Syracuse Project. Therefore, on acquisition, VVC inherited an obligation to drill these wells. The fair value of the costs to fulfill this obligation is \$282,251 (2024 - \$603,068) and is measured under Level 3 of the fair value hierarchy based on the Company's own historical drilling costs adjusted for inflation. As at January 31, 2025 and 2024, the Company had drilled nine (9) wells of the 10 well obligation. The remaining one (1) well is expected to be drilled within one year.

Cumeral, Mexico

In April 2010, the Company finalized an agreement which provides an option to acquire a 100% interest in the 685 hectare gold mining project known as Cumeral (the "Cumeral Property"), consisting of three mining concessions in the State of Sonora, Mexico. The 100% interest in the Cumeral Property can be acquired for cash consideration of US\$800,000 (CA\$880,000) plus applicable taxes ("VAT"), payable over a year of three years and the issuance of 200,000 common shares of the Company (issued). The Cumeral Property is subject to the reservation of a 2% Net Smelter Return ("NSR"). A finder's fee of US\$5,000 (CA\$5,500) and 130,000 common shares of the Company was paid to third parties who were instrumental in arranging the transaction. The Company has a 100% interest in three additional mining concessions in the Cumeral area of Mexico.

La Tuna, Mexico

In March 2010, the Company completed the acquisition of a 3,533 hectare gold mining project known as La Tuna, located in the municipality of Alamos in the State of Sinaloa, Mexico. The Company acquired a 100% interest in La Tuna for cash consideration of US\$40,000 (CA\$39,968) plus VAT and 300,000 common shares of the Company. La Tuna is subject to the reservation of a 2% NSR with a buy-back option. Further exploration is warranted subject to the results of analysis of rock and soil samples. During the year ended January 31, 2025, Management determined that it would no longer pursue an interest in the La Tuna property. The claim was therefore dropped.

Samalayuca

Through its 100% investment in Samalayuca (33.75% prior to November 2, 2020), the Company has an interest in the Samalayuca Copper Project, located in Chihuahua State, Mexico. Samalayuca has entered into a Mining Exploration and Rights Assignment Contract to acquire a 100% interest in the Kaity Property, which includes the Samalayuca Copper Project, for aggregate payments of US\$1,875,000 (CA\$2,062,500) with payments of US\$25,000 (CA\$27,500) due every six months during the exploration phase.

PHC Helium Resource Properties

PHC's first project is located in Kansas and currently comprises 69 leases covering 13,760 acres known as the Syracuse Helium Project (the "Syracuse Project"). The property (the "Syracuse Property") on which the Syracuse Project is located hosts more than 150 potential well sites.

On April 6, 2021, the Company acquired the helium property known as the Monarch Lease. The Monarch Lease was purchased from Monarch Petroleum ("MP") at a nominal cost and a commitment to recommence production, with MP retaining a 3% royalty in the shallow well rights from surface to 3100 feet (the "Shallow Rights") and a 50% non-operated working interest in the deep oil and gas rights below 3100 feet (the "Deep Rights"). In addition to the 3% royalty, standard industry royalties of 12.5% are payable to arm's length land owners from the proceeds of any production.

VVC Exploration Corporation

Notes to Consolidated Financial Statements For the Year Ended January 31, 2025

10. ASSET ACQUISITIONS AND PAYABLE ON ASSET PURCHASE (Continued)

On April 28, 2021 the Company began acquiring the Syracuse Extension in Kansas and Colorado. The Syracuse Extension currently consists of a 17,747 acre gas property located in Cheyenne County, Colorado and a 3,320 acre property located in Kansas. The Syracuse Extension was acquired at a nominal cost and a commitment to commence production, with the seller retaining a 2% royalty in this property. In addition to the 2% royalty, standard industry royalties of 12.5% are payable to arm's length land owners from the proceeds of any production and the 15% Royalty is payable on the net proceeds received by PHC after deduction of all costs of production and payment of all pre-existing royalties. PHC owns a 100% working interest in the Syracuse Extension, subject only to the royalties.

11. RELATED PARTY TRANSACTIONS AND BALANCES

Compensation to key management personnel were as follows:

	2025	2024
Compensation	\$ 579,000	\$ 497,475
Share-based payments ⁽¹⁾	351,930	289,963
Total	\$ 930,930	\$ 787,438

(1) Share-based payments are the fair value of options granted to key management personnel and expensed during the year (Note 13).

Included in accounts payable and accrued liabilities is \$651,248 (2024 - \$252,481) payable to key management personnel.

During the year ended January 31, 2025, the Company paid or accrued \$18,000 (2024 - \$18,000) in fees to a firm controlled by a director for legal services.

12. ASSET RETIREMENT OBLIGATION

The Company has site restoration obligations related to its oil and gas properties upon the cessation of revenue producing activities. The undiscounted cost to return the environment associated with each well to their original condition is estimated to be USD\$12,000 (2024 - US\$12,000). As of January 31, 2025 and 2024, the Company had 17 and 16 wells respectively expected to be closed between 5 to 20 years. The undiscounted cost of the environmental restoration for pipeline related assets is \$100,000. The provision is initially recorded as a liability based on management's best estimate of cash flows, using a risk-free discount rate of 3.52% (2024 - 2.88%) and a producing life ranging between five and twenty years. Site restoration activity is expected to occur when a producing well has been fully depleted. The following table summarizes the movements in asset retirement obligations:

Balance, February 1, 2023	\$ 280,341
Accretion	4,109
Effect of exchange rate changes	(2,640)
Balance, January 31, 2024	281,810
Estimates - new wells drilled	8,278
Accretion	4,580
Effect of exchange rate changes	23,035
Balance, January 31, 2025	\$ 317,703

VVC Exploration Corporation

Notes to Consolidated Financial Statements For the Year Ended January 31, 2025

13. SHARE CAPITAL

(a) Authorized
Unlimited common shares without par value

(b) Issued:

	Number of shares	Amount
Balance, January 31, 2024 and 2025	572,681,815	\$ 47,286,340

(c) Stock Options

The Company grants options pursuant to the policies of the TSX Venture Exchange with respect to eligible persons, exercise price, maximum options per person and termination of eligible person status. Options granted vest as to 25% upon grant and 25% each six months thereafter.

Stock option transactions and the number of stock options outstanding were as follows:

	Number of Options	Weighted average Exercise Price
Balance, January 31, 2023	69,275,000	0.07
Granted	14,650,000	0.08
Expired/cancelled	(2,225,000)	0.07
Balance, January 31, 2024 and 2025	81,700,000	\$ 0.07

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at January 31, 2025 are as follows:

Options Outstanding			Options Exercisable		
Exercise Range	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Number Exercisable	Weighted Average Exercise Price
\$0.05 - \$0.10	67,800,000	\$ 0.06	4.80	64,137,500	\$ 0.05
\$0.11 - \$0.14	13,900,000	\$ 0.14	6.55	13,900,000	\$ 0.14
	81,700,000	\$ 0.07	5.10	78,037,500	\$ 0.08

VVC Exploration Corporation

Notes to Consolidated Financial Statements For the Year Ended January 31, 2025

13. SHARE CAPITAL (continued)

During the year ended January 31, 2025, the Company granted nil (2024 - 14,650,000) stock options to purchase common shares at a price of nil (2023 - \$0.08) for a period of 10 years. The fair value of stock options granted in year was estimated using the Black-Scholes model for pricing stock options and will be expensed over the vesting year of the stock options. Assumptions used in pricing the stock options were:

	2025	2024
Risk free interest rate	NIL	3.61%
Dividend yield	NIL	0%
Expected stock volatility	NIL	143.90%
Expected life	NIL	10 years
Stock price on date of grant	NIL	0.065
Fair value of stock options on the grant date	NIL	0.06

Stock based compensation of \$482,020 (2024 - \$419,703) for the year relates to vesting of stock options that were granted either in the current year or a prior year and recognized as an expense consistent with their vesting features.

(d) Warrants

The following tables reflects the continuity of warrants:

Expiry Date	Exercise Price	Balance January 31, 2024	Warrants Issued	Warrants Exercised	Expired/ Cancelled	Balance January 31, 2025
June 8, 2025	\$0.06	11,799,000	-	-	-	11,799,000
September 30, 2025 ⁽¹⁾	\$0.075	57,567,800	-	-	-	57,567,800
November 3, 2025	\$0.06	32,500,000	-	-	-	32,500,000
December 30, 2028	\$0.06	10,000,000	-	-	-	10,000,000
	\$0.05 - \$0.10	111,866,800	-	-	-	111,866,800

(1) Prior to expiry on September 30, 2024, 57,567,800 warrants were extended to September 30, 2025

14. LOSS PER SHARE

The following table sets forth the computation of basic and diluted loss per share:

	2025	2024
Numerator		
Net loss	\$ (4,002,209)	\$ (1,947,827)
Denominator		
Weighted average number of common shares outstanding, basic and diluted	572,681,815	572,681,815
Basic and diluted loss per share	\$ (0.01)	\$ 0.00

As a result of losses incurred, the potential effect of the exercise of convertible debt, stock options and warrants was anti-dilutive.

VVC Exploration Corporation

Notes to Consolidated Financial Statements For the Year Ended January 31, 2025

15. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being resource exploration. As at January 31, 2025, the Company's resource exploration properties are located in the United States, Mexico and Canada and its corporate assets are located in Canada.

A summary of total assets by geographic region is as follows:

January 31, 2025	United States		Canada		Mexico		Total
Current assets	\$	(12,201)	\$	51,387	\$	(8,563)	\$ 30,623
Investment				34,994,960		-	34,994,960
Property and equipment		1,422,770		-		235,523	1,658,293
		1,410,569	\$	35,046,347	\$	226,960	\$ 36,683,876

January 31, 2024	United States		Canada		Mexico		Total
Current assets	\$	2,910,103	\$	350,714	\$	94,066	\$ 3,354,883
Investment		-		13,560,543		-	13,560,543
Property and equipment		1,390,888		-		292,800	1,683,688
	\$	4,300,991	\$	13,911,257	\$	386,866	\$ 18,599,114

16. CAPITAL MANAGEMENT

In the management of capital, the Company includes shareholders' equity excluding accumulated other comprehensive income. The Company's objective in managing capital is to ensure that financial flexibility is present to increase shareholder value and respond to changes in economic and/or market conditions; to retain a strong capital base so as to maintain investor, creditor and market confidence and to safeguard the Company's ability to obtain financing should the need arise.

In maintaining its capital, the Company has a strict investment policy which includes investing its surplus capital only in highly liquid and highly rated financial instruments.

The Company reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the year.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments are as follows:

	2025	2024	Fair value Hierarchy
Fair value through other comprehensive income (FVTOCI):			
Investment	\$ 34,994,960	\$ 3,560,543	(1)
Loans and receivable, measured at amortized cost:			
Cash	\$ 7,393	\$ 3,263,929	
Helium and gas receivables	\$ -	\$ 28,082	
Other liabilities, measured at amortized cost:			
Accounts payable and accrued liabilities	\$ 2,574,567	\$ 1,643,033	
Loan payable	\$ 2,232,000	\$ 2,130,814	

(1) Financial instruments recorded at fair value on the balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

VVC Exploration Corporation

Notes to Consolidated Financial Statements For the Year Ended January 31, 2025

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Level 1 - valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3 - valuation techniques based on inputs for the asset or liability that are not based on observable market data.

The Company uses Level 2 fair value hierarchy to determine the value of its investment due to observable transaction prices during the year.

Interest rate and credit risk

It is management's opinion that the Company is not exposed to significant interest rate or credit risks arising from its financial instruments given their short-term nature.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company is exposed to the variability of copper prices and helium and other gas prices.

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

Liquidity Risk

The Company has no income and relies on equity financing or the sale of its investments to support its exploration programs. Management prepares budgets and ensures funds are available prior to commencement of any such program. As at January 31, 2025, the Company has sufficient capital to fund its operations over the next twelve months. The Company had a cash balance of \$7,393 (January 31, 2024 - \$3,263,929) and investments of \$34,994,960 (January 31, 2024 - \$13,560,543) to settle current liabilities of \$10,031,439 (January 31, 2024 - \$8,949,535) of which \$5,224,872 is non-cash (January 31, 2024 - \$5,175,688).

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices. The Company is exposed to market risk related to its investment in Cyber App Solutions.

Currency Risk

The Company does engage in significant transactions and activities in currencies other than its reported currency. The Company's exploration activities are primarily in Mexico; accordingly, the resulting assets and liabilities are exposed to foreign exchange fluctuations.

The Company is exposed to foreign currency risk on fluctuations of financial instruments related to cash, deposits and other receivables and accounts payable and accrued liabilities that are denominated in US Dollars and Mexican Pesos. Sensitivity of closing balances to a plus or minus 10% change in foreign exchange rates, with all other variables held constant, would affect net loss and comprehensive income by approximately \$224,440 (January 31, 2024 - \$207,654).

VVC Exploration Corporation

Notes to Consolidated Financial Statements For the Year Ended January 31, 2025

18. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2023 - 26.5%) to the effective tax rate is as follows:

	2025	2024
Net loss before recovery of income taxes	\$ (6,127,571)	\$ (4,547,827)
Expected income tax recovery	\$ (1,623,806)	\$ (1,205,174)
Difference in foreign tax rates	289,880	122,000
Share based compensation and other	255,060	111,000
Exploration losses in Mexico	328,020	-
Fair market adjustment booked through OCI	-	1,793,424
Non taxable portion of capital gain	-	(873,000)
Realized gain	-	(874,000)
Utilization of tax benefits not perviously recognized	(1,953,990)	-
Change in tax benefits not recognized	563,367	(1,674,250)
Income tax recovery	\$ (2,141,469)	\$ (2,600,000)

The following table summarizes the components of deferred tax:

Deferred Tax Assets

Property, plant and equipment	\$ 10,680	\$ -
Loan payable	31,330	-
Operating tax losses carried forward - Canada	3,285,544	1,837,000
Resource pools - mineral properties	319,690	-
Subtotal of Assets	\$ 3,647,244	\$ 1,837,000

Deferred Tax Liabilities

Marketable securities	\$ (4,634,245)	\$ (1,837,000)
Net Deferred Tax Asset	\$ (987,001)	\$ -

Unrecognized deferred taxes

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2025	2024
Non capital losses carried forward - Canada	\$ 137,230	\$ 6,211,310
Non capital losses carried forward - Mexico	4,496,520	5,962,950
Non capital losses carried forward - US	11,166,270	6,124,280
Resouce pools - Mineral properties	367,030	1,573,410
Property, plant and equipment	50,710	285,130
ARO	321,580	-
Share issuance costs	-	52,750
	\$ 16,539,340	\$ 20,209,830

The Canadian non-capital loss carry forward expire between 2032 and 2038. Mexican losses expire between 2026 and 2036. The U.S operating tax losses expire between 2029 and 2039. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

VVC Exploration Corporation

Notes to Consolidated Financial Statements For the Year Ended January 31, 2025

19. REVENUE

The following table summarizes the Company's revenue by product:

	2025		2024	
Helium and other natural gas	\$	129,697	\$	30,314
Royalty		(29,377)		-
Total revenue	\$	100,320	\$	30,314



VVC Exploration Corporation
2369 Kingston Road, P.O. Box 28059 Terry Town
Scarborough, Ontario M1N 4E7
Tel: 416-619-5304
<http://www.vvcresources.com>