

37 CAPITAL INC.

Audited Financial Statements December 31, 2025 and 2024 (Expressed in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of 37 Capital Inc.

Opinion

We have audited the financial statements of 37 Capital Inc. (the "Company"), which comprise the balance sheets as at December 31, 2025 and 2024, and the statements of comprehensive loss, changes in stockholders' deficiency and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its 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 audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements, which indicates that the Company incurred a net loss of \$303,727 during the year ended December 31, 2025 and, as of that date, the Company has an accumulated deficit of \$28,926,757. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as

fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore 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 Steven Reichert.

The image shows a handwritten signature in black ink. The signature consists of a large, stylized letter 'D' followed by the letters 'MCL' in a similar style, and 'LLP' in smaller, more standard capital letters to the right.

DMCL LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

April 30, 2026

37 CAPITAL INC.
Balance Sheets
December 31,
(Expressed in Canadian Dollars)

As at		<u>2025</u>	<u>2024</u>
Assets			
Current			
Cash	\$	680,940	\$ 59,922
GST receivable		<u>5,213</u>	<u>6,232</u>
		686,153	66,154
Mineral Property Interests (note 5)		<u>104,502</u>	<u>104,502</u>
Total Assets	\$	<u>790,655</u>	<u>\$ 170,656</u>
Liabilities and Stockholders' Deficiency			
Current			
Accounts payable and accrued liabilities (notes 6 and 13)	\$	44,620	\$ 66,361
Due to related parties (note 7)		6,579	110,069
Loan payable (note 8)		-	37,504
Convertible debentures (note 9)		<u>579,589</u>	<u>549,589</u>
Total Liabilities	\$	<u>630,788</u>	<u>\$ 763,523</u>
Stockholders' Deficiency			
Capital stock (note 10)		28,731,862	27,856,612
Equity portion of convertible debentures (note 9)		33,706	33,706
Reserves		321,057	139,845
Deficit		<u>(28,926,757)</u>	<u>(28,623,030)</u>
Total Stockholders' Deficiency		<u>159,868</u>	<u>(592,867)</u>
Total Liabilities and Stockholders' Deficiency	\$	<u>790,655</u>	<u>\$ 170,656</u>

On behalf of the Board:

"Jake H. Kalpakian" (signed)

 Jake H. Kalpakian, Director

"Gregory T. McFarlane" (signed)

 Gregory T. McFarlane, Director

The accompanying notes form an integral part of these financial statements.

37 CAPITAL INC.
Statements of Comprehensive Loss
Years Ended December 31,
(Expressed in Canadian Dollars)

	<u>2025</u>	<u>2024</u>
Expenses		
Consulting fees (note 10)	\$ 37,925	\$ 26,206
Employee benefits (note 10)	131,485	65,482
Finance and interest (notes 7,8 and 9)	30,962	34,539
Interest income	(658)	-
Legal, accounting and audit	33,128	33,064
Office, rent and miscellaneous (note 7)	25,481	25,761
Management fee (note 7)	12,000	-
Regulatory and transfer fees	31,971	23,941
Travel and meals	<u>1,433</u>	<u>-</u>
	<u>303,727</u>	<u>208,993</u>
Net and Comprehensive Loss for the Year	\$ <u>(303,727)</u>	\$ <u>(208,993)</u>
Basic and Diluted Loss per Common Share	\$ <u>(0.02)</u>	\$ <u>(0.01)</u>
Weighted Average Number of Common Shares Outstanding - Basic and Diluted	<u>18,894,936</u>	<u>13,965,536</u>

The accompanying notes form an integral part of these financial statements.

37 CAPITAL INC.
Statements of Changes in Stockholders' Deficiency
(Expressed in Canadian Dollars)

	Common Shares	Amount	Equity Portion of Convertible Debentures Reserve	Reserves		Deficit	Total Stockholders' Equity (Deficiency)
				Warrants	Options		
Balance, December 31, 2023	13,745,947	\$ 27,736,269	\$ 33,706	\$ 24,000	\$ -	\$ (28,414,037)	\$ (620,062)
Net loss for the year	-	-	-	-	-	(208,993)	(208,993)
Share-based payment	-	-	-	-	91,688	-	91,688
Private placement, net of issuance of costs	1,460,000	120,343	-	24,157	-	-	144,500
Balance, December 31, 2024	15,205,947	\$ 27,856,612	\$ 33,706	\$ 48,157	\$ 91,688	\$ (28,623,030)	\$ (592,867)
Net loss for the year	-	-	-	-	-	(303,727)	(303,727)
Share-based payment	-	-	-	-	160,495	-	160,495
Reclassification of reserves on exercise of warrants	-	20,000	-	(20,000)	-	-	-
Debt Settlement	1,330,000	119,700	-	-	-	-	119,700
Exercise of warrants	4,300,000	215,000	-	-	-	-	215,000
Private placement, net of issuance of costs	6,775,000	520,550	-	40,717	-	-	561,267
Balance, December 31, 2025	27,610,947	\$ 28,731,862	\$ 33,706	\$ 68,874	\$ 252,183	\$(28,926,757)	\$ 159,868

The accompanying notes form an integral part of these financial statements.

37 CAPITAL INC.
Statements of Cash Flows
Years Ended December 31,
(Expressed in Canadian Dollars)

	2025	2024
Operating Activities		
Net loss for the year	\$ (303,727)	\$ (208,993)
Items not involving cash:		
Interest expense on loan and convertible debentures	12,496	34,531
Share-based payment	160,495	91,688
	(130,736)	(82,774)
Changes in non-cash working capital (note 11)	(4,513)	15,402
Cash used in operating activities	(135,249)	(67,372)
Investing Activities		
Purchase of mineral property interest	-	(5,510)
Cash used in investing activities	-	(5,510)
Financing Activities		
Private placement, net of share issue costs	561,267	144,500
Share issue cost	-	-
Repayment of loan payable	(20,000)	(30,000)
Exercise of warrants	215,000	-
Repayment of loan from related party	-	-
Cash provided by financing activities	756,267	114,500
Net increase (decrease) in cash	621,018	41,618
Cash, beginning	59,922	18,304
Cash, ending	\$ 680,940	\$ 59,922

The accompanying notes form an integral part of these financial statements.

37 CAPITAL INC.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

1. NATURE OF BUSINESS

37 Capital Inc. (“37 Capital” or the “Company”) was incorporated on August 24, 1984 in British Columbia, Canada. The principal business of the Company is the acquisition, exploration, and if warranted, the development of natural resource prospects.

The common shares of the Company trade on the Canadian Securities Exchange (the “Exchange”) under the symbol “JJJ”. The Company’s office is located at 575 – 510 Burrard Street, Vancouver, British Columbia, Canada, V6C 3A8, and its registered office is located at 3200 - 650 West Georgia Street, Vancouver BC V6B 4P7.

2. GOING CONCERN

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

During the year ended December 31, 2025 the Company has incurred an operating loss of \$303,727, and as at December 31, 2025 has a deficit of \$28,926,757. These material uncertainties may cast significant doubt about the Company’s ability to continue as going concern. The financial statements do not include adjustments that may be necessary if the going concern principle is not appropriate. As the Company has limited resources and no sources of operating cash flow, there can be no assurances whatsoever that sufficient funding will be available for the Company to continue operations for an extended period of time. Such adjustments could be material.

The application of the going concern concept is dependent upon the Company’s ability to raise sufficient funding to pay creditors and to satisfy its liabilities as they become due. Management is actively engaged in the review and due diligence on opportunities of merit and is seeking to raise the necessary capital to meet its funding requirements. There can be no assurance whatsoever that management’s plan will be successful.

3. BASIS OF PRESENTATION

(a) Statement of compliance

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

(b) Basis of presentation

These financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value.

In addition, these financial statements have been prepared on the accrual basis, except for cash flow information. These financial statements are presented in Canadian dollars, which is the Company’s functional currency.

37 CAPITAL INC.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

3. BASIS OF PRESENTATION (Continued)

- (c) Approval of the financial statements

These financial statements were approved and authorized for issue by the Board of Directors on April 30, 2026.

- (d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key area of judgment applied in the preparation of the financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities is as follows:

- assessment of the Company's ability to continue as a going concern and whether there are events or conditions that give rise to significant uncertainty;
- the classification/allocation of expenses as exploration and evaluation expenditures or operating expenses; and
- the determination whether there have been any events or changes in circumstances that indicate the impairment of its exploration and evaluations assets.

The key estimates applied in the preparation of the financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- The recoverability of the carrying value of exploration and evaluation assets;
- The provision for income taxes and recognition of deferred income tax assets and liabilities;
- The inputs in determining the liability and equity components of the convertible debentures; and
- The inputs in determining the fair value of share-based payments.

37 CAPITAL INC.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

4. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies of the Company include the following:

- (a) Financial instruments
 - (i) Recognition and classification

The Company classifies its financial instruments in the following categories:

- At fair value through profit and loss (“FVTPL”): cash
- Amortized cost: accounts payable and accrued liabilities, due to related parties, loan payable and convertible debentures

The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

- (ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise.

- (iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

37 CAPITAL INC.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

(b) Mineral property interests

Costs directly related to the acquisition, exploration and evaluation of resource properties are capitalized once the legal rights to explore the resource properties are acquired.

The mineral property interests are tested for impairment if facts or circumstances indicate that impairment exists:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined there is an impairment in value, the property is written down to its recoverable amount. From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee, and accordingly, are recorded as mineral property costs or recoveries when the payments are made or received. After costs are recovered, the balance of the payments received is recorded as a gain on option or disposition of mineral property interest.

37 CAPITAL INC.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Mineral property interests (continued)

Once the technical feasibility and commercial viability of the extraction of mineral resources are demonstrable, mineral property interests attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property and equipment.

To date, the Company's mineral property interest has not demonstrated technical feasibility and commercial viability. The recoverability of the carrying amount of any mineral property interests is dependent on successful development and commercial exploitation or, alternatively, sale of the respective areas of interest.

(c) Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(d) Decommissioning liabilities

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development or ongoing production.

Decommissioning and site rehabilitation costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalized into the cost of the related asset. These costs are charged against operations through depreciation of the asset and unwinding of the discount on the provision.

Depreciation is included in operating costs while the unwinding of the discount is included as a financing cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset. The costs for the restoration of site damage, which arises during production, are provided at their net present values and charged against operations as extraction progresses.

Changes in the measurement of a liability, which arise during production, are charged against operating profit. The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. To date the Company does not have any decommissioning liabilities.

37 CAPITAL INC.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

e) Income taxes

Income tax expense consisting of current and deferred tax expense is recognized to profit or loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(f) Share-based payments

The Company grants stock options to directors, officers, employees and consultants of the Company. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes Option Pricing Model, and is recognized over the vesting period using the graded method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes Option Pricing Model.

For both employees and non-employees, the fair value of share-based payments is recognized as either an expense or as mineral property interests with a corresponding increase in option reserves. The amount to be recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in capital stock and the related share-based payment is transferred from the stock option reserve to capital stock. For unexercised options that expire, the recorded value is transferred to deficit.

(g) Convertible debentures

The liability component of convertible debentures is recognized initially at the fair value of a similar liability that does not have a conversion option. The equity component is recognized initially, as the difference between the fair value of the convertible debenture as a whole and the fair value of the liability component. Transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of the convertible debenture is measured at amortized cost using the effective interest method. The equity component is not re-measured subsequent to initial recognition.

37 CAPITAL INC.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(h) Loss per share

Loss per share is calculated by dividing net loss attributable to common shares of the Company by the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted loss per share. Under this method, the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

(i) Capital stock

Proceeds from the exercise of stock options and warrants are recorded as capital stock. The proceeds from the issuance of units of the Company are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to capital stock based on the fair value of the common shares at the time the units are issued, and any residual value is allocated to the warrants. When the warrants are exercised, the related value is transferred from the warrant reserve to capital stock. For unexercised warrants that expire, the recorded value is transferred from the warrant reserves to deficit.

On the issuance of flow-through shares, any premium received in excess of the market price of the Company's common shares is initially recorded as a liability ("flow-through tax liability"). Provided that the Company has renounced the related expenditures, or that there is a reasonable expectation that it will do so, the flow-through tax liability is reduced on a pro-rata basis as the expenditures are incurred. If such expenditures are capitalized, a deferred tax liability is recognized. To the extent that the Company has suitable unrecognized deductible temporary differences, an offsetting recovery of deferred income taxes would be recorded.

(j) Foreign currency translation

Amounts recorded in foreign currency are translated into Canadian dollars as follows:

- Monetary assets and liabilities, at the rate of exchange in effect as at the balance sheet date;
- Non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and
- Revenues and expenses (excluding amortization, which is translated at the same rate as the related asset), at the rate of exchange on the transaction date.

Exchange differences are recognized in profit or loss in the period which they arise.

(k) Future Changes in Accounting Policies Not Yet Effective

In April 2024, the IASB issued IFRS Accounting Standards 18, Presentation and Disclosure in Financial Statements ("IFRS 18") to replace IAS 1. IFRS 18 introduces two newly required subtotals on the face of the income statement, which includes operating profit and profit or loss before financing and income tax, and three new income statement classifications, which are operating, investing, and financing. In addition, IFRS 18 requires non-IFRS Accounting Standards management performance measures that are subtotals of income and expenses to be disclosed on financial statement. IFRS 18 also provides additional guidance on principles of aggregation and disaggregation which apply to the primary financial statements and the notes. IFRS 18 will not affect the recognition and measurement of items in the financial statements, nor will it affect which items are classified in other

37 CAPITAL INC.
Notes to Financial Statements
Years Ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

comprehensive income and how these items are classified. The standard is effective for reporting periods beginning on or after January 1, 2027, including for interim financial statements. Retrospective application is required and early application is permitted. The Company is currently assessing the effect of this new standard on its financial statements.

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

5. MINERAL PROPERTY INTERESTS

	Extra High Property
Balance December 31, 2023	\$ 98,992
Exploration costs	<u>5,510</u>
Balance, December 31, 2025 & 2024	<u>\$ 104,502</u>

Extra High Property

The Extra High property is located in south-central British Columbia, approximately 60 kilometres north of the City of Kamloops, British Columbia, Canada and 22 km east of the town of Barriere. It lies on the southwest side of Samatosum Mountain, located north of Skwaam Bay on Adams Lake. It consists of five contiguous BC MTO mineral titles in the Kamloops Mining Division.

As at December 31, 2025, the Company owns a 100% undivided right, interest, and title in and to the Extra High Property.

The mineral claims covering the Extra High Property are valid until December 28, 2028.

The Extra High Property is subject to a 1.5% Net Smelter Royalty (“NSR”) payable to a third party, 50% of which, or 0.75%, can be purchased by the Company at any time by paying \$500,000.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>December 31,</u> 2025	<u>December 31,</u> 2024
Trade payables	\$ 10,915	\$ 31,189
Accrued liabilities	<u>33,705</u>	<u>35,172</u>
	<u>\$ 44,620</u>	<u>\$ 66,361</u>

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7. RELATED PARTY TRANSACTIONS

The Company, together with Jackpot Digital Inc. (“Jackpot”), a related company with certain common directors, have entered into an office lease agreement, and an office support services agreement (note 13).

The amounts due to related parties are unsecured, payable on demand which consist of the following:

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Entities controlled by directors (non-interest-bearing)	6,578	110,069
	<u>\$ 6,578</u>	<u>\$ 110,069</u>

The convertible debentures and accrued interest of \$579,589 (December 31, 2024 - \$549,589) is owed to the Chief Executive Officer, and to a former director of the Company (note 9).

During the years ended December 31, the following amounts were charged by related parties.

	<u>2025</u>	<u>2024</u>
Interest charged on amounts due to related parties	\$ -	\$ 8
Interest on convertible debenture	15,000	30,000
Rent charged by entities with common directors (note 13)	12,000	12,000
Share-based payments	144,504	66,362
Office expenses charged by, and other expenses paid on behalf of the Company by a company with common directors (note 13)	14,149	15,469
	<u>\$ 185,653</u>	<u>\$ 123,839</u>

Management compensation

On October 1, 2025, the Company entered into a management services agreement with Kalpakian Bros. of BC Ltd. for an initial term of one year at a monthly rate of \$4,000 plus GST.

Insider participation

On December 10, 2024, an insider of the Company subscribed 610,000 units in the capital of the Company at \$0.10 per unit in the private placement, for total proceeds of \$61,000.

On September 15, 2025, two insiders of the Company subscribed 1,500,000 units in the capital of the Company at \$0.07 per unit in the private placement, for total proceeds of \$105,000.

On November 17, 2025, an insider of the Company subscribed 320,000 units in the capital of the Company at \$0.125 per unit in the private placement financing, for total proceeds of \$40,000.

During 2025, a total of 4,300,000 share purchase warrants exercisable at \$0.05 per share were exercised by two insiders of the Company for total proceeds of \$215,000.

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8. LOAN PAYABLE

During May 2021, a party lent the Company \$50,000. During the year ended December 31, 2024, the Company repaid the principal amount of \$30,000. As of December 31, 2025, the Company paid the outstanding principal of \$20,000 and accrued interest totaling \$18,466.

9. CONVERTIBLE DEBENTURES FINANCING

Convertible Debentures Financing 2015

On January 6, 2015, the Company closed a convertible debenture financing with two directors of the Company for the amount of \$250,000. The convertible debentures matured on January 6, 2016, and bear interest at the rate of 12% per annum payable on a quarterly basis. The convertible debentures are convertible into common shares of the Company at a conversion price of \$1.50 per share. The liability component of the convertible debentures was recognized initially at the fair value of a similar liability with no equity conversion option, which was calculated based on the application of a market interest rate of 25%. On the initial recognition of the convertible debentures, the amount of \$222,006 was recorded under convertible debentures and the amount of \$27,994 has been recorded under the equity portion of convertible debenture reserve.

On October 29, 2021, the Company entered into an Addendum to the convertible debentures whereby the maturity date of the principal amount totaling \$250,000 of the convertible debentures together with the accrued interest has been extended indefinitely, until mutual consent of the Company and Lender has been reached.

At December 31 2025, the Company recorded interest expense of \$30,000 (December 31, 2024 - \$30,000). As of December 31, 2025, \$250,000 (December 31, 2024 - \$250,000) of convertible debentures are outstanding plus the accrued interest of \$329,589 (December 31, 2024- \$299,589).

The following table reconciles the fair value of the debentures to the carrying amount.

	Liability Component		Equity Component		Total
Balance, December 31, 2023	\$	519,589	\$	33,706	\$ 553,295
Interest accrued		30,000			30,000
Balance, December 31, 2024	\$	549,589	\$	33,706	\$ 583,295
Interest accrued		30,000			30,000
Balance, December 31, 2025	\$	579,589	\$	33,706	\$ 613,295

10. CAPITAL STOCK

(a) Authorized

Unlimited number of common and preferred shares without par value.

As of December 31, 2025, there are no preferred shares issued.

(b) Issued

As of December 31, 2025, there are 27,610,947 common shares issued and outstanding.

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10. CAPITAL STOCK (Continued)

(b) Issued (continued)

- a) On November 20, 2025, the Company closed the third tranche of the non-brokered private placement announced on September 26, 2025, for gross proceeds of \$90,625 through the issuance of 725,000 units of the Company at \$0.125 per unit. Each unit consists of one common share in the capital of the Company and one share purchase warrant to purchase an additional common share in the capital of the Company at the price of \$0.15 per common share for a period of three years. Based on the residual value the warrants were valued at \$18,125. Finder's fees consist of \$6,344 cash and 50,750 warrants exercisable at \$0.15 for two years.
- b) On November 17, 2025, the Company closed the second tranche of the non-brokered private placement announced on September 26, 2025, for gross proceeds of \$62,500 through the issuance of 500,000 units of the Company at \$0.125 per unit. Each unit consists of one common share in the capital of the Company and one share purchase warrant to purchase an additional common share in the capital of the Company at the price of \$0.15 per common share for a period of three years. . Based on the residual value the warrants were valued at \$15,000.
- c) On October 16, 2025, the Company closed the first tranche of the non-brokered private placement announced on September 26, 2025, for gross proceeds of \$68,750 through the issuance of 550,000 units of the Company at \$0.125 per unit. Each unit consists of one common share in the capital of the Company and one share purchase warrant to purchase an additional common share in the capital of the Company at the price of \$0.15 per common share for a period of three years. An administrative fee of \$100 was charged.. Based on the residual value the warrants were valued at \$nil.
- d) During October 2025, a total of 500,000 common shares were issued pursuant to the exercise of certain warrants totaling \$25,000.
- e) On September 15, 2025, the Company closed the second and final tranche of the non-brokered private placement was announced on July 30, 2025, for gross proceeds of \$171,500 through the issuance of 2,450,000 units of the Company at \$0.07 per unit. Each unit consists of one common share in the capital of the Company and one share purchase warrant to purchase an additional common share in the capital of the Company at the price of \$0.10 per common share for a period of three years. Finder's fees consist of \$1,575 cash and 22,500 warrants exercisable at \$0.10 for two years. Based on the residual value the warrants were valued at \$nil.
- f) During September 2025, a total of 3,800,000 common shares were issued pursuant to the exercise of certain warrants totaling \$190,000.
- g) During August 2025, the Company issued 1,330,000 common shares of the Company at a deemed price of \$0.09 in settlement of debt totaling \$119,700.
- h) On August 28, 2025, the Company closed the first tranche of the non-brokered private placement financing which was announced on July 30, 2025, for gross proceeds of \$178,500 through the issuance of 2,550,000 units of the Company at \$0.07 per unit. Each unit consists of one common share in the capital of the Company and one share purchase warrant to purchase an additional common share in the capital of the Company at the price of \$0.10 per common share for a period of three (3) years. Finder's fees consist of \$2,450 cash, \$140 admin fees and 35,000 warrants exercisable at \$0.10 for two years. Based on the residual value the warrants were valued at \$nil.

During the year ended December 31, 2024, the following transaction occurred.

- a) On October 31, 2024 and December 10, 2024, the Company closed two tranches of private placement which was announced on October 1, 2024 for gross proceeds of \$117,000 and issued 1,170,000 units of the Company.

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10. CAPITAL STOCK (Continued)

(b) Issued (continued)

- b) Each unit consists of one common share in the capital of the Company and one share purchase warrant to purchase an additional common share in the capital of the Company at the price of \$0.15 per common share for a period of three (3) years. The Company paid a finder’s fee of \$1,500 in cash and issued 15,000 share purchase warrants exercisable for two (2) years at the price of \$0.15 per share.
- c) On September 20, 2024, the Company closed a non-brokered private placement financing for gross proceeds of \$29,000 through the issuance of 290,000 units of the Company at \$0.10 per unit. Each unit consists of one common share in the capital of the Company and one share purchase warrant to purchase an additional common share in the capital of the Company at the price of \$0.15 per common share for a period of three years. Based on the residual value the warrants were valued at \$nil.

During the year ended December 31, 2021, the following share transaction occurred:

On January 15, 2021, the Company issued 80,000 flow-through units for proceeds of \$20,000. Each flow-through unit consists of one flow-through common share of the Company and one non-flow-through share purchase warrant to acquire one non-flow-through common share of the Company at a price of \$0.50 for a period of two years. During the year-ended December 31, 2022, the Company made a formal application to Canada Revenue Agency and cancelled the Company’s flow-through share application which was submitted during the year ended December 31, 2020. As at December 31, 2025 and 2024, the Company has included a provision for indemnification of the flow through shareholder for an amount of \$10,000 in accounts payable.

c) Warrants

Warrants activity is as follows:

	<u>Number of Warrants</u>		<u>Weighted Average Exercise Price</u>
Balance, December 31, 2023	9,200,000	\$	0.05
Issued	1,475,000	\$	0.15
Balance, December 31, 2024	10,675,000	\$	0.06
Issued	6,883,250	\$	0.11
Exercised	(4,300,000)	\$	0.05
Balance, December 31, 2025	<u>13,258,250</u>	\$	0.09

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10. CAPITAL STOCK (Continued)

(c) Warrants (continued)

As of December 31, 2025, the following warrants were outstanding:

<u>Expiry Date</u>	<u>Exercise Price</u>	<u>Number of Warrants Outstanding</u>
October 31, 2026	\$ 0.15	15,000
August 28, 2027	\$ 0.10	35,000
August 31, 2027	\$ 0.05	200,000
September 15, 2027	\$ 0.10	22,500
September 20, 2027	\$ 0.15	290,000
October 31, 2027	\$ 0.15	650,000
November 20, 2027	\$ 0.15	50,750
December 4, 2027	\$ 0.15	520,000
May 15, 2028	\$ 0.05	3,700,000
July 24, 2028	\$ 0.05	1,000,000
August 28, 2028	\$ 0.10	2,550,000
September 15, 2028	\$ 0.10	2,450,000
October 16, 2028	\$ 0.15	550,000
November 17, 2028	\$ 0.15	500,000
November 20, 2028	\$ 0.15	725,000
		<u>13,258,250</u>

The weighted average remaining contractual life for warrants outstanding at December 31, 2025 is 2.5 years (2024 – 3.26 years).

(d) Stock options

The Company's 2015 Stock Option Plan provides that the Board of Directors of the Company may grant to directors, officers, employees and consultants of the Company options to acquire up to 20% of the issued and outstanding common shares of the Company calculated from time to time on a rolling basis. The terms of the options are determined at the date of grant.

On January 29, 2024, the Company issued 1,250,000 stock options with an exercise price of \$0.10 per share. The options expire in three years from the grant date and vest 25% on the grant date, with 25% vesting each 6 months following the grant date. The fair value of the options granted was \$92,665 or \$0.074 per option.

On January 29, 2024, the Company issued 500,000 stock options with an exercise price of \$0.10 per share. The options expire in three years from the grant date and vest 25% one-year from the grant date, with 25% vesting each 6 months following the one-year anniversary. The fair value of the options granted was \$30,666 or \$0.061 per option.

On December 5, 2024, the Company issued 400,000 stock options with an exercise price of \$0.10 per share. The options expire in three years from the grant date and vest 25% on the grant date, with 25% vesting each 6 months following the grant date. The fair value of the options granted was \$25,972 or \$0.065 per option.

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10. CAPITAL STOCK (Continued)

(d) Stock options (continued)

On October 2, 2025, the Company issued 2,065,000 stock options with an exercise price of \$0.155 per share. The options expire in three years from the grant date and vest 25% on the grant date, with 25% vesting each 6 months following the grant date. The fair value of the options granted was \$122,834 or \$0.061 per option.

On November 20, 2025, the Company issued 400,000 stock options with an exercise price of \$0.155 per share. The options expire in three years from the grant date and vest 25% on the grant date, with 25% vesting each 6 months following the grant date. The fair value of the options granted was \$10,031 or \$0.025 per option.

The following summarizes the officer, director and consultants stock options that were granted and expired during the year ended December 31, 2025 and 2024. The options vest 25% on grant and thereafter at 25% every six months or after one year:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2023	-	-
Issued	2,150,000	\$ 0.10
Expired	(250,000)	\$ 0.10
Balance, December 31, 2024	1,900,000	\$ 0.10
Issued	2,465,000	\$ 0.155
Balance, December 31, 2025	4,365,000	\$ 0.13

The weighted average remaining contractual life for options outstanding at December 31, 2025 is 2.12 years (2024 – 2.26 years).

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. Accordingly, share-based payments of \$131,343 (2024 - \$65,482) were recognized as employee benefits and \$29,152 (2024 - \$26,206) was recognized as consulting fees for options granted to consultants.

The grant date fair value of consultant options was calculated using the Black-Scholes Option Pricing Model with the following assumptions:

	2025	2024
Grant-date share price	\$0.08	\$0.10
Weighted average grant-date fair value	\$0.060	\$0.063
Exercise price	\$0.12	\$0.10
Risk-free interest rates	2.76%	3.31%
Expected life of options (in years)	1.90	2.73
Expected volatility of share price	147.11%	139.99%
Expected dividend yield	0%	0%

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10. CAPITAL STOCK (Continued)

(d) Stock options (continued)

The grant date fair value of officer and director options was calculated using the Black-Scholes Option Pricing Model with the following assumptions:

	2025	2024
Grant-date share price	\$0.14	\$0.10
Weighted average grant-date fair value	\$0.108	\$0.076
Exercise price	\$0.14	\$0.10
Risk-free interest rates	3.03%	3.80%
Expected life of options (in years)	2.21	3.00
Expected volatility of share price	140.68%	31.04%
Expected dividend yield	0%	0%

11. CHANGES IN NON-CASH WORKING CAPITAL

	2025	2024
GST receivable	\$ 1,019	\$ (2,154)
Accounts payable and accrued liabilities	(21,741)	(10,185)
Due to related parties	16,209	27,741
	\$ (4,513)	\$ 15,402
Supplemental information		
Non-cash items		
Interest expense included in convertible debt	\$ 30,000	\$ 30,000

12. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27.00% to income before income taxes.

For the years ended December 31,	2025	2024
Loss before income taxes	\$ 303,727	\$ 208,993
Statutory income tax rate	27%	27%
Expected income tax benefit	(82,006)	(56,428)
Items not deductible for income tax purposes	43,334	24,756
Underprovided in prior years	-	(1,353)
Unrecognized benefit of deferred tax assets	38,672	33,025
Income tax expense	\$ -	\$ -

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12. INCOME TAXES (Continued)

The Company recognizes tax benefits on losses or other deductible amounts where it is probable the Company will generate sufficient taxable income to utilize deferred tax assets. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

For the years ended December 31,	2025	2024
Excess of unused exploration expenditures over carrying value of mineral property interests	\$ 2,651,176	\$ 2,651,176
Excess of undepreciated capital cost over carrying value of fixed assets	698,593	698,593
Non-refundable mining investment tax credits	247	247
Non-capital losses carried forward	4,907,492	4,763,960
Capital losses carried forward	1,368,931	1,368,931
Unrecognized deductible temporary differences	\$ 9,626,439	\$ 9,482,907

At December 31, 2025, the Company has non-capital losses of \$4,907,492 (2024 - \$4,763,960), that have not been recognized and may be carried forward and applied against Canadian taxable income of future years. The non-capital losses expire in the years 2027-2044.

The Company has available approximate net capital losses of \$1,368,931 that may be carried forward indefinitely. The Company has available resource-related deductions of approximately \$2,755,000 that may be carried forward indefinitely.

13. COMMITMENTS

- a) The Company has an office lease agreement with Jackpot. Under the agreement, the Company is entitled to have office space from Jackpot at a monthly rate of \$1,000 plus applicable taxes. Furthermore, Jackpot or the Company may terminate this agreement by giving each other three months' notice in writing.
- b) The Company has an office support services agreement with Jackpot which has been extended until March 31, 2026. Under the agreement, the Company is entitled to receive office support services from Jackpot at a monthly rate of \$1,000 plus applicable taxes. Either Jackpot or the Company may terminate this agreement by giving each other three-month' notice in writing.
- c) In relation to the flow-through private placement completed during January 2021, the Company was committed to incur and renounce \$20,000 in Canadian exploration expenditures by December 31, 2022. The Company was unable to incur the \$20,000. The Company has agreed to indemnify the flow-through shareholder for certain costs incurred by the shareholder as a result of the Company not meeting its obligation to spend the flow-through share proceeds on qualifying Canadian exploration expenditures in compliance with the applicable tax rules and pursuant to the share subscription agreement. As at December 31, 2025 and 2024, the Company has included a provision for indemnification of the flow through shareholder for an amount of \$10,000 in accounts payable.

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14. CAPITAL MANAGEMENT

The Company considers its capital to be comprised of stockholders' deficiency and convertible debenture.

The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition, exploration and, if warranted, the development of mineral properties, to invest in non-mining related projects and to maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity and debt financing. Future financings are dependent on market conditions and there can be no assurance that the Company will be able to raise funds in the future. There were no changes to the Company's approach to capital management during the year ended December 31, 2025. The Company is not subject to externally imposed capital requirements.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Risk management overview

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Company employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Company's business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for the Company's risk management framework, the Company's management has the responsibility to administer and monitor these risks.

(b) Fair value of financial instruments

The fair values of cash, accounts payable and accrued liabilities, due to related parties and convertible debentures approximate their carrying values due to the short-term maturity of these instruments.

IFRS establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(c) 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 potentially subject the Company to a significant concentration of credit risk consist of cash. The Company mitigates its exposure to credit loss associated with cash by placing its cash with a major financial institution.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due.

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15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(d) Liquidity risk (continued)

At December 31, 2025, the Company had cash of \$680,940 (December 31, 2024 - \$59,922) available to apply against short-term business requirements and current liabilities of \$630,787 (December 31, 2024 - \$763,523). All of the current liabilities are due within 90 days. Amounts due to related parties are due on demand. As of December 31, 2025, two convertible debentures together with the accrued interest for a total amount of \$579,589 are outstanding. Liquidity risk is assessed as high

(e) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Company's net earnings or the value of financial instruments. As at December 31, 2025, the Company is not exposed to significant interest rate risk, currency risk or other price risk on its financial assets and liabilities due to the short-term maturity of its financial liabilities and the fixed interest rate on the outstanding convertible debentures.

16. SUBSEQUENT EVENT

The Company has entered into an agreement with SpendRight, Inc. for the purchase of a 5% ownership in SpendRight, Inc. for US\$100,000. The Company also has the option for twelve (12) months to purchase an additional 5% ownership for an additional US\$200,000, for a total of 10% ownership in SpendRight. 37 Capital will have, for twelve (12) months, the first right of refusal for thirty (30) days on any future financing carried out by SpendRight. In addition, 37 Capital has the right to assign or transfer the Company's interest in SpendRight to any related party of 37 Capital.