Management's Discussion and Analysis

Year Ended
April 30, 2023

(Stated in Canadian Dollars)

Dated August 18, 2023

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This Management's Discussion and Analysis ("MD&A") focuses on significant factors that have affected Shellron Capital Ltd.'s ("Shellron", the "Company" or "Issuer") performance and such factors that may affect its future performance. This MD&A should be read in conjunction with the Company's audited financial statements and related notes for the year ended April 30, 2023, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). All figures in this MD&A are expressed in Canadian Dollars except where noted. "This quarter" or "current quarter" means the three month period ended April 30, 2023, and "this year" or "current year" means the year ended April 30, 2023. The information contained in this MD&A is current to August 18, 2023.

Forward Looking Information

This MD&A contains "forward-looking information and statements" that are subject to risk factors set out under the caption *Caution regarding forward looking statements* later in this document. The reader is cautioned not to place undue reliance on forward-looking statements.

Profile and Strategy

The Company was incorporated under the laws of the province of British Columbia, Canada on January 21, 2021. The Company's head office and principal address is located at 1090 Hamilton Street, Vancouver, British Columbia, Canada, V6B 2R9.

On November 22, 2021, the Company completed an initial public offering ("IPO") to be classified as a Capital Pool Company ("CPC") pursuant to the policies of the TSX Venture Exchange ("TSXV") Policy 2.4, and is listed on the TSXV under the trading symbol "SHLL". The Company is in the startup stage and its principal business is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction as defined by the rules of the TSXV (the "Principal Business"). Such a transaction will be subject to regulatory approval.

The Company's activities are not dependent on seasonality and may operate year-round; however, the Company may adjust the level of activities to manage its capital structure in light of changes in global economic conditions.

The Company's financial condition is affected by general market conditions.

Overall Performance and Outlook

The following highlights the Company's overall performance for the year ended April 30, 2023:

	Year Ended		
	April 30, 2023 ($)	**April 30, 2022 ($)**	**Change**
Net loss	(330,695)	(130,457)	(200,238)
Cash used in operating activities	(82,010)	(75,885)	(6,125)
Cash at end of year	154,839	486,849	(332,010)
Loss per share – basic and diluted	(0.04)	(0.02)	(0.02)

Discussion of Operations and Proposed Transaction

On July 26, 2022, the Company entered into a binding letter of intent with Launchtrip Technologies Corp. ("Launchtrip") for a proposed Qualifying Transaction (the "Proposed Transaction").

The Proposed Transaction was expected to be structured by way of a three-cornered amalgamation among Shellron, a wholly owned British Columbia subsidiary of Shellron ("Shellron AcquisitionCo"), and Launchtrip which would have resulted in Shellron acquiring all of the issued and outstanding securities of Launchtrip in exchange for the issuance of securities of Shellron on a one-for-one (1:1) basis, subject to adjustments as may be agreed between Shellron and Launchtrip, which will result in the amalgamation of Shellron AcquisitionCo and Launchtrip being conducted pursuant to the provisions of the Business Corporations Act (British Columbia) and the entity resulting from the amalgamation of Shellron AcquisitionCo and Launchtrip becoming a wholly-owned subsidiary of Shellron.

(Expressed in Canadian Dollars, except where noted)

The completion of the Proposed Transaction was subject to the satisfaction of certain conditions, including but not limited to: (i) the completion of an offering of convertible, unsecured debentures of Launchtrip for gross proceeds of a minimum of $500,000 (the "Debenture Offering"); (ii) the completion of a concurrent financing on terms sufficient to meet the applicable listing requirements of the Exchange (the "Concurrent Financing"); (iii) the proposed board of directors and management of the Resulting Issuer being acceptable to the Exchange and each of Shellron and Launchtrip; (iv) the receipt of all requisite regulatory, stock exchange, or governmental authorizations and consents, including the TSXV; and (v) certain other conditions as may be agreed between Shellron and Launchtrip.

On October 6, 2022, the Company entered into a loan agreement providing an aggregate of $250,000 (the "Loan") to Launchtrip. The Loan is interest free and repayable within 7 days of the earlier of (i) 12 months from the date of the Loan; or (ii) termination of the Proposed Transaction. The Loan is secured by a general security agreement.

On March 24, 2023, the Proposed Transaction was terminated.

On April 27, 2023, the Company filed a lawsuit in the Supreme Court of British Columbia against Launchtrip for the repayment of the $250,000 loan.

Summary of Quarterly Results

	Q4 2023 ($)	Q3 2023 ($)	Q2 2023 ($)	Q1 2023 ($)	Q4 2022 ($)	Q3 2022 ($)	Q2 2022 ($)	Q1 2022 ($)
Net loss for the period	(271,352)	(10,114)	(40,550)	(8,679)	(6,727)	(92,008)	(8,939)	(22,783)
Basic and diluted net loss per share	(0.03)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)

	Apr 30, 2023 ($)	Jan 31, 2023 ($)	Oct 31, 2022 ($)	July 31, 2022 ($)	Apr 30, 2022 ($)	Jan 31, 2022 ($)	Oct 31, 2021 ($)	July 31, 2021 ($)
Cash	154,839	178,850	194,824	454,609	486,849	502,380	153,223	170,191
Total assets	174,700	437,727	453,572	488,972	495,319	512,272	181,860	198,055

During the three months ended April 30, 2023, the Company recorded a net loss of $271,352, compared to $6,727 during the same quarter in the prior year. The increase is mainly attributable to a loan impairment of $250,000 relating to the Loan as described in the section titled *Discussion of Operations and Proposed Transaction*.

Similarly, net loss this quarter is significantly higher than the prior seven consecutive quarters presented above as a result of the Loan impairment.

(Expressed in Canadian Dollars, except where noted)

Selected Annual Information

	Year ended		
	April 30, 2023 ($)	April 30, 2022 ($)	April 30, 2021[1] ($)
Net loss for the year	(330,695)	(130,457)	(6,162)
Basic and diluted loss per share	(0.04)	(0.02)	(0.00)

[1] *Year ending April 30, 2021 is from the date of incorporation, January 21, 2021, to April 30, 2021*

	April 30, 2023 ($)	April 30, 2022 ($)	April 30, 2021 ($)
Cash	154,839	486,849	205,324
Total assets	174,700	495,319	210,338

During the year ended April 30, 2023, the Company incurred a net loss $330,695, compared to $130,457 during fiscal 2022 and $6,162 during fiscal 2021, which was for the period from the date of incorporation (January 21, 2021) to April 30, 2021. The significantly higher net loss in fiscal 2023 is attributable to a loan impairment of $250,000 relating to the Loan as described in the section titled *Discussion of Operations and Proposed Transaction*.

Liquidity and Capital Resources

The Company does not currently derive any significant revenues from operations. The Company's activities have been funded primarily through equity financing and the Company expects that it will continue to be able to utilize this source of financing until it develops cash flow from operations. The Company has been successful in its fund raising efforts in the past, but there can be no assurance that the Company will continue to be successful in the future. If such funds are not available or other sources of finance cannot be obtained, then the Company will be required to curtail its activities to a level for which funding is available and can be obtained. The Company's ability to access funding is also contingent on the ongoing demand for CPC's and general capital market conditions.

	Year Ended	
	April 30, 2023 ($)	April 30, 2022 ($)
Cash used in operating activities	(82,010)	(75,885)
Cash used in investing activities	(250,000)	-
Cash from financing activities	-	357,410
Cash, end of year	**154,839**	**486,849**

As at April 30, 2023, the Company had working capital of $164,126, compared to $494,821 at April 30, 2022.

During the current year, the Company used $82,010 in operating activities, generally consistent with $75,885 during the prior year.

The Company also provided a loan to Launchtrip in the amount of $250,000 during the current year, included in cash used in investing activities. There were no cash used in investing activities for the comparative prior year.

There were no financing activities during the current year. During the comparative prior year, the Company completed its IPO and received net proceeds of $357,410.

As at April 30, 2023, the Company had cash of $154,839 and current liabilities of $10,574. The Company has sufficient cash and access to capital to meet working capital requirements, and obligations as they become due.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Related Party Transactions

During the year ended April 30, 2023, the Company incurred general and administration costs of $24,000 (2022 - $8,000) to Orea Mining Corp., a company with common officers and directors. There are no amounts owing to Orea Mining Corp. as at April 30, 2023 and 2022.

Commitments

The Company had no financial commitments as at April 30, 2023 and the date of this MD&A.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions used by management where there is risk of material adjustments to assets and liabilities in future accounting periods include the recoverability and measurement of deferred tax assets.

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in preparing the Company's financial statements include the assumption that the Company will continue as a going concern, assumptions used to determine if a business combination is an asset or business acquisitions, classification of expenditures as intangible assets or operating expenses and the classification of financial instruments.

Changes in Accounting Policies and Standards

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

Financial Instruments and Risk Management

Financial Risks

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments as at April 30, 2023 and 2022 are summarized below.

(a) Credit Risk

The credit risk exposure on cash is limited to its carrying amount at the date of the statement of financial position. Cash is held as cash deposits with a creditworthy bank.

(b) Liquidity Risk

Liquidity risk arises from the Company's general and capital financing needs. The Company manages liquidity risk by attempting to maintain sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. All of the Company's financial liabilities have maturities of one year or less. The carrying values of the Company's accounts payables and accrued liabilities on the statement of financial position equal their contractual cash flows.

(c) Market Risks

(i) Foreign Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional and reporting currency is the Canadian dollar. The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. As at April 30, 2023, the Company has a cash balance of US$19,055 (2022 – US$19,127). The Company has not hedged its exposure to currency fluctuations.

Sensitivity Analysis

The Company has a bank balance in US dollars. The Company estimates that a +/-10% change in the value of the Canadian dollar relative to the US dollar would have a corresponding effect of approximately $2,500 on the statement of operations.

(ii) Interest Rate Risk

The Company does not have any interest bearing debt and is therefore not exposed to interest rate risk.

Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of 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).

The fair values of the Company's financial instruments, which includes cash, loan receivable, accounts payable and accrued liabilities, approximate their carrying values due to the immediate or short-term maturity of these financial instruments.

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue a Qualifying Transaction and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the startup stage, its principal source of funds is from the issuance of common shares.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, to obtain shareholder approval, if applicable, for a proposed Qualifying Transaction by the Company as defined under the Exchange Policy 2.4, to cover reasonable expenses relating to the IPO and a maximum of $3,000 per month to cover prescribed administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company. The Company currently is not subject to other externally imposed capital requirements.

Other Information

Disclosure By Venture Issuer Without Significant Revenue

An analysis of the material components of the Company's general and administrative expenses is disclosed in the audited financial statements for year ended April 30, 2023 to which this MD&A relates.

Outstanding Share Data

The Company has authorized capital of an unlimited number of common shares without par value. The table below represents the Company's capital structure as at the dates presented:

	As at date of this MD&A	**April 30, 2023**
Common shares issued and outstanding	8,539,000	8,539,000
Share purchase options	825,000	825,000

Risk and Uncertainties

Risk Factors

Prior to making an investment decision, investors should consider the investment risks set out below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Company consider the risks set out below to be the most significant to potential investors in the Company, but do not represent all of the risks associated with an investment in securities of the Company. Some of the following statements are forward-looking and actual results may differ materially from the results anticipated in these forward-looking statements. Please refer to the section titled "Caution Regarding Forward-Looking Statements" in this report. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware or which they consider not to be material in relation to the Company's business, actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects could be materially and adversely affected.

Dilution

In order to finance future operations and development efforts, the Company may raise funds through the issue of shares or securities convertible into shares. The constating documents of the Company allow it to issue, among other things, an unlimited number of shares for such consideration and on such terms and conditions as may be established by the directors of the Company, in many cases, without the approval of shareholders. The Company cannot predict the size of future issues of shares or securities convertible into shares or the effect, if any, that future issues and sales of shares will have on the price of the shares. Any transaction involving the issue of previously authorized but unissued shares or securities convertible into shares would result in dilution, possibly substantial, to present and prospective shareholders of the Company.

Reliance on Key Employees

The success of the Company will be largely dependent upon the performance of its management and key employees. The Company does not have any key man insurance policies and therefore there is a risk that the death or departure of any member of management or any key employee could have a material adverse effect on the Company. In assessing the risk of an investment in the Company's shares, potential investors should realize that they are relying on the experience, judgment, discretion, integrity and good faith of the management of the Company. An investment in the Company's shares is suitable only for those investors who are willing to risk a loss of their entire investment and who can afford to lose their entire investment.

The Market Price of Shares May be Subject to Wide Price Fluctuations

If, and when applicable, the market price of the Company's shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company, general economic conditions, legislative changes, and other events and factors outside of the Company's control.
In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the shares.

Conflict of Interest of Management

Certain of the Company's directors and officers are also directors and officers of other companies. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers relating to the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies.

Insurance

The Company does not intend to obtain insurance while it is a classified as a CPC. The occurrence of a significant event that the Company is not fully insured against, or the insolvency of the insurer or such event, could have a material adverse effect on the Company's financial position, results of operations or prospects.

Global Financial Conditions

Global financial conditions over the last few years have been characterized by increased volatility and several financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. These factors may affect the ability of the Company to obtain equity or debt financing in the future on terms favourable to it. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such increased levels of volatility and market turmoil continue, the operations of the Company may suffer adverse impact and the price of our shares may be adversely affected.

Credit Risk

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's financial assets exposed to credit risk will be primarily composed of cash and amounts receivable. While the Company will attempt to mitigate its exposure to credit risk, there can be no assurance that unexpected losses will not occur. Such unexpected losses could adversely affect the Company.

Management's Responsibility for Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected.

Controls and Procedures

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Caution Regarding Forward Looking Statements

Certain statements made in this and other Shellron public disclosure documents, including statements relating to matters that are not historical facts and statements of the Company's beliefs, intentions and expectations about developments, results and events which will or may occur in the future, constitute "forward looking information" within the meaning of applicable Canadian securities legislation ("forward-looking statements"). Forward-looking statements relate to future events or future performance, reflect current expectations or beliefs regarding future events and are typically identified by words such as "anticipate", "could", "should", "expect", "seek", "may", "intend", "likely", "budget", "plan", "estimate", continue", "forecast", "believe", "predict", "potential", "target", "would", "might", "will", and similar words, expressions or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook.

Forward-looking statements are made based upon certain assumptions and other important factors that, if untrue, could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such statements. Such assumptions and analyses are made by the Company's management in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are reasonable and appropriate in the circumstances. There can be no assurance that such statements will prove to be accurate. Forward-looking statements are based on numerous assumptions regarding present and future business strategies, local and global economic conditions, and the environment in which the Company will operate in the future, including compliance by the Company with regulatory requirements, the sufficiency of Company's working capital; the Company's ability to secure additional funding; and the Company's ability to retain key personnel. You are hence cautioned not to place undue reliance on forward-looking statements.

Readers are cautioned not to place undue reliance on forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes will not occur. Events or circumstances could cause the Company's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com.

Corporation Information

Head Office:	1090 Hamilton Street Vancouver, BC V6B 2R9 Canada
Directors:	Robert Giustra, Chairman Andrew Yau Jorge Martinez
Officers:	Andrew Yau, Chief Executive Officer & Chief Financial Officer Daniela Freitas, Corporate Secretary
Auditor:	Saturna Group Chartered Professional Accountants LLP Suite 1605, 1116 Alberni Street Vancouver, BC V6E 3Z3
Legal Counsel:	S. Paul Simpson Law Corporation 2800 – 777 Hornby Street Vancouver, BC V6Z 1S4
Transfer Agent:	Computershare Investor Services Inc. 2nd Floor – 510 Burrard Street Vancouver, BC V6C 3B9

Financial Statements

For the Years Ended April 30, 2023 and 2022

(Expressed in Canadian Dollars)

SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP
Suite 1605, 1166 Alberni Street
Vancouver, BC Canada V6E 3Z3

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Shellron Capital Ltd.

Opinion

We have audited the financial statements of Shellron Capital Ltd. (the "Company"), which comprise the statements of financial position as at April 30, 2023 and 2022, and the statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

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 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 1 in the financial statements, which indicates that the Company has no business operations and incurred negative cash flow from operations of $82,010 during the year ended April 30,2023, and, as at that date, the Company had an accumulated deficit of $467,314. 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

We have determined that there are no 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 the Management's Discussion and Analysis, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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 therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter of 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 Lonny Wong.

Saturna Group LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

August 18, 2023

(Expressed in Canadian Dollars)

	April 30, 2023 ($)	April 30, 2022 ($)
Assets		
Current assets		
Cash	154,839	486,849
Receivables	9,861	5,670
Prepaid expenses	10,000	2,800
Total assets	**174,700**	**495,319**
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	10,574	498
Total liabilities	10,574	498
Shareholders' equity		
Share capital (note 5a)	569,910	569,910
Reserves (note 5c)	61,530	61,530
Deficit	(467,314)	(136,619)
Total shareholders' equity	164,126	494,821
Total liabilities and shareholders' equity	**174,700**	**495,319**

Nature of operations and going concern (note 1)

Approved and authorized for issuance on behalf of the Board of Directors on August 18, 2023:

/s/ Andrew Yau
Andrew Yau, Director

/s/ Jorge Martinez
Jorge Martinez, Director

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

(Expressed in Canadian Dollars)

	Year Ended April 30, 2023 ($)	Year Ended April 30, 2022 ($)
Expenses		
General and administration (note 6)	14,970	6,737
Professional fees	36,175	28,765
Share-based payments (note 5b)	–	61,530
Transfer agent and filing fees	26,030	33,425
Travel	3,520	–
Total expenses	80,695	130,457
Loss before other expense	(80,695)	(130,457)
Other expense		
Impairment of loan receivable (note 4)	(250,000)	–
Net loss and comprehensive loss for the year	**(330,695)**	**(130,457)**
Loss per share, basic and diluted	**(0.04)**	**(0.02)**
Weighted average shares outstanding	**8,539,000**	**6,101,370**

(Expressed in Canadian Dollars)

	Share Capital				
	Number of Shares	**Amount ($)**	**Reserves ($)**	**Deficit ($)**	**Total ($)**
Balance, April 30, 2021	**4,250,000**	**212,500**	**–**	**(6,162)**	**206,338**
Initial public offering (note 5a)	4,289,000	428,900	–	–	428,900
Share issuance costs (note 5a)	–	(71,490)	–	–	(71,490)
Fair value of share options granted (note 5b)	–	–	61,530	–	61,530
Net loss for the year	–	–	–	(130,457)	(130,457)
Balance, April 30, 2022	**8,539,000**	**569,910**	**61,530**	**(136,619)**	**494,821**
Net loss for the year	–	–	–	(330,695)	(330,695)
Balance, April 30, 2023	**8,539,000**	**569,910**	**61,530**	**(467,314)**	**164,126**

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

(Expressed in Canadian Dollars)

	Year Ended	
	April 30, 2023 ($)	**April 30, 2022 ($)**
Operating Activities		
Net loss for the year	(330,695)	(130,457)
Items not involving cash:		
Impairment of loan receivable	250,000	–
Share-based payments	–	61,530
Changes in non-cash working capital:		
Receivables	(4,191)	(5,656)
Prepaid expenses	(7,200)	2,200
Accounts payable and accrued liabilities	10,076	(3,502)
Cash used in operating activities	(82,010)	(75,885)
Investing Activities		
Loan receivable advance	(250,000)	–
Cash used in investing activities	(250,000)	–
Financing Activities		
Proceeds from shares issued	–	428,900
Share issuance costs	–	(71,490)
Cash from financing activities	–	357,410
Increase (decrease) in cash	(332,010)	281,525
Cash, beginning of year	486,849	205,324
Cash, end of year	**154,839**	**486,849**

1. Nature of Operations and Going Concern

Shellron Capital Ltd. (the "Company" or "Shellron") was incorporated under the laws of the province of British Columbia, Canada on January 21, 2021. The Company's head office and principal address is located at 1090 Hamilton Street, Vancouver, British Columbia, Canada, V6B 2R9.

On November 22, 2021, the Company completed an initial public offering ("IPO") to be classified as a Capital Pool Company ("CPC") pursuant to the policies of the TSX Venture Exchange ("TSXV") Policy 2.4 and is listed on the TSXV under the trading symbol "SHLL". The Company is in the startup stage and its principal business will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction as defined by the rules of the TSXV. Such a transaction will be subject to shareholder and regulatory approval.

These financial statements have been prepared on a going concern basis which implies that the Company will continue realizing assets and discharging liabilities in the normal course of business for the foreseeable future. Should the going concern assumption not continue to be appropriate, further adjustments to carrying values of assets and liabilities may be required. During the year ended April 30, 2023, the Company has no business operations and incurred negative cash flow from operations of $82,010. As at April 30, 2023, the Company had an accumulated deficit of $467,314. The Company's continuing operations are dependent upon its ability to identify and evaluate assets or businesses with a view to potential acquisition or participation by completing a Qualifying Transaction, as defined in Exchange Policy 2.4. The preceding indicates the existence of a material uncertainty that may cast substantial doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the recovery of assets and classification of assets and liabilities that may arise should the Company be unable to continue as a going concern.

2. Basis of Presentation

(a) Statement of Compliance

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

(b) Basis of Measurement

These financial statements have been prepared on the historical cost basis and are presented in Canadian dollars. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Use of Estimates and Judgments

Significant Estimates and Assumptions

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Significant areas requiring the use of estimates include the impairment of loan receivable, fair value of share-based payments, and unrecognized deferred income tax assets.

2. Basis of Presentation– *continued*

(c) Use of Estimates and Judgments - *continued*

Significant Judgments

Going Concern

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

Share-based Payments

Fair values are determined using the Black-Scholes option pricing model. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measurement of the fair value of the Company's share options.

3. Significant Accounting Policies

(a) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(b) Foreign Currency Translation

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in the statement of operations for the year.

(c) Income Taxes

Income tax is recognized in the statement of operations except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. 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 regards to previous years.

Deferred income taxes are accounted for using the statement of financial position method of tax allocation. Under this method, deferred income tax assets and liabilities are recognized for the tax consequences of temporary differences by applying substantively enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities.

A deferred income tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred income tax asset will be recovered, the deferred income tax asset is reduced.

Deferred income tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current income tax assets and liabilities on a net basis. Current and deferred income taxes relating to items recognized directly in equity is recognized in equity and not in the statement of operations.

3. Significant Accounting Policies - *continued*

(c) Loss per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at April 30, 2023, the Company has 825,000 (2022 – 825,000) potentially dilutive shares outstanding.

(d) Comprehensive Loss

Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of operations.

(e) Financial Instruments

The Company's classification of its financial instruments under IFRS 9 – *Financial Instruments* ("IFRS 9") is as follows:

Asset or Liability	**Classification**
Cash	Amortized cost
Loan receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Classifications

On initial recognition, the Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity investment that is held for trading is measured at FVTPL. For other equity investments that are not held for trading, the Company may irrevocably elect to designate them as FVTOCI. This election is made on an investment-by-investment basis.

All financial assets not classified or measured at amortized cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3. Significant Accounting Policies – *continued*

(f) Financial Instruments **–** *continued*

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 the Company has elected to measure them at FVTPL.

<u>Measurement</u>

Financial Assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

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 statement of operations. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are recognized in the statement of operations in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

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 statement 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.

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. Gains and losses on derecognition are generally recognized in the statement of operations. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial Liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of operations.

3. Significant Accounting Policies – *continued*

(g) Share-Based Payments

The Company grants share-based awards, including options, as an element of compensation to directors, officers, employees and service providers. Details of the Company's share option plan are disclosed in note 5b.

The Company uses the Black-Scholes Option Pricing Model to measure the fair value for all share options granted, modified or settled during the period. Compensation expense is recorded based on the fair value of the award at the grant date, amortized over the vesting period. Each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognised in the statement of comprehensive income or as capitalized mineral resource property cost with a corresponding entry within equity, against share-based payments reserve. No expense is recognised for awards that do not ultimately vest. When options are exercised, the proceeds received, together with any related amount in share-based payments reserve, are credited to share capital.

(h) New Accounting Standards Not Yet Adopted

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

4. Loan Receivable

On October 6, 2022, the Company entered into a loan agreement providing an aggregate of $250,000 (the "Loan") to Launchtrip Technologies Corp. (note 10). The Loan is interest free and repayable within 7 days of the earlier of (i) 12 months from the date of the Loan; or (ii) termination of the Proposed Transaction. The Loan is secured by a general security agreement. The Proposed Transaction was terminated on March 24, 2023, and the Loan became due on March 31, 2023. The Company filed a lawsuit in the Supreme Court of British Columbia against Launchtrip for the repayment of the Loan. Accordingly, the Company recognized an impairment of the $250,000 as at April 30, 2023.

5. Share Capital

(a) Common Shares

Authorized - unlimited common shares without par value.

As at April 30, 2023, the Company had 8,539,000 (2022 - 8,539,000) common shares issued and outstanding.

On November 22, 2021, the Company issued 4,289,000 common shares at $0.10 per share for proceeds of $428,900 pursuant to its IPO. In connection with the IPO, the Company incurred share issuance costs of $71,490.

On March 12, 2021, the Company issued 4,250,000 common shares at $0.05 per share for proceeds of $212,500.

(b) Share Options

The Company has a share option plan to issue share options whereby the total share options outstanding may be up to 10% of its issued capital at the time of an applicable option grant. The Board of Directors may from time to time, grant options to directors, officers, employees or consultants. The exercise price of an option is not less than the closing price on the TSXV on the last trading day preceding the grant date.

(Expressed in Canadian Dollars, except where noted)

5. Share Capital – *continued*

(b) Share Options – *continued*

The continuity of the Company's share options is as follows:

	Number of Options	Weighted Average Exercise Price ($)
Balance, April 30, 2021	–	–
Granted	825,000	0.10
Balance, April 30, 2022 and 2023	**825,000**	**0.10**

Additional information regarding the Company's share options as at April 30, 2023 is as follows:

	Options Outstanding		Options Exercisable	
Exercise Price ($)	Number of Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Number of Options Exercisable	Weighted Average Remaining Contractual Life (Years)
0.10	825,000	3.57	825,000	3.57

The fair value of vested share options recognized as an expense during the year ended April 30, 2023, was $nil (2022 - $61,530).

The fair value of each share option is estimated on the date of grant using the Black-Scholes Option Pricing Model that uses the assumptions noted in the table below. Expected volatilities are based on historical volatility of the Company's shares or an applicable comparable company, and other factors. The expected term of share options granted represents the period of time that share options granted are expected to be outstanding. The risk-free rate of periods within the contractual life of the share option is based on the Canadian government bond rate. Assumptions used for share options granted during fiscal 2022 are as follows:

Grant Date	Number of Share Options	Expected Price Volatility	Risk Free Interest Rate	Expected Life (Years)	Expected Dividend Yield	Fair Value Per Option ($)	Total Fair Value ($)
November 22, 2021	825,000	100%	1.44%	5	0%	0.07	61,530

(c) Reserves

Share Options

The share options reserves records items recognized as share-based compensation expense and other share-based payments until such time that the share options are exercised, at which time the corresponding amount will be transferred to share capital.

6. Related Party Transactions

During the year ended April 30, 2023, the Company incurred general and administration costs of $24,000 (2022 - $8,000) to a company with common officers and directors.

7. Financial Instruments and Risk Management

Financial Risks

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments as at April 30, 2023 and 2022 are summarized below.

(a) Credit Risk

The credit risk exposure on cash is limited to its carrying amount at the date of the statement of financial position. Cash is held as cash deposits with a creditworthy bank.

(b) Liquidity Risk

Liquidity risk arises from the Company's general and capital financing needs. The Company manages liquidity risk by attempting to maintain sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. All of the Company's financial liabilities have maturities of one year or less. The carrying values of the Company's accounts payables and accrued liabilities on the statement of financial position equal their contractual cash flows.

(c) Market Risks

(i) Foreign Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional and reporting currency is the Canadian dollar. The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. As at April 30, 2023, the Company has a cash balance of US$19,055 (2022 – US$19,127). The Company has not hedged its exposure to currency fluctuations.

Sensitivity Analysis

The Company has a bank balance in US dollars. The Company estimates that a +/-10% change in the value of the Canadian dollar relative to the US dollar would have a corresponding effect of approximately $2,500 on the statement of operations.

(ii) Interest Rate Risk

The Company does not have any interest bearing debt and is therefore not exposed to interest rate risk.

Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of 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).

The fair values of the Company's financial instruments, which includes cash, loan receivable, accounts payable and accrued liabilities, approximate their carrying values due to the immediate or short-term maturity of these financial instruments.

(Expressed in Canadian Dollars, except where noted)

8. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue a Qualifying Transaction and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the startup stage, its principal source of funds is from the issuance of common shares.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, to obtain shareholder approval, if applicable, for a proposed Qualifying Transaction by the Company as defined under the Exchange Policy 2.4, to cover reasonable expenses relating to the IPO and a maximum of $3,000 per month to cover prescribed administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company. The Company currently is not subject to other externally imposed capital requirements.

9. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2023 ($)	2022 ($)
Canadian statutory income tax rate	27%	27%
Income tax recovery at statutory rate	(89,288)	(35,223)
Tax effect of:		
Permanent differences and other	–	(2,689)
Change in tax rate	–	(986)
Change in unrecognized deferred income tax assets	89,288	38,898
Income tax provision	–	–

The significant components of deferred income tax assets and liabilities are as follows:

	2023 ($)	2022 ($)
Deferred income tax assets		
Non-capital losses carried forward	117,283	24,134
Share issuance costs	11,581	15,442
Unrecognized deferred income tax assets	(128,864)	(39,576)
Net deferred income tax asset	–	–

As at April 30, 2023, the Company has non-capital losses carried forward of $434,380 (2022 - $89,387), which is available to offset future years' taxable income. These losses expire as follows.

	($)
2041	6,162
2042	83,225
2043	344,993
Total	**434,380**

10. Qualifying Transaction

On July 26, 2022, the Company entered into a binding letter of intent with Launchtrip for a proposed Qualifying Transaction (the "Proposed Transaction"). On October 6, 2022, the Company entered into a loan agreement providing an aggregate of $250,000 to Launchtrip (note 4). On March 24, 2023, the Proposed Transaction was terminated.

On April 27, 2023, the Company filed a lawsuit in the Supreme Court of British Columbia against Launchtrip for the repayment of the $250,000 loan.