Shellron CAPITAL

Management's Discussion and Analysis

Year Ended April 30, 2024

(Stated in Canadian Dollars)

Dated August 19, 2024

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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, 2024, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, all of which are available under the Company's SEDAR profile at www.sedarplus.ca. All figures in this MD&A are expressed in Canadian dollars except where noted. The information contained in this MD&A is current to August 19, 2024.

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 3082 Spencer Place, West Vancouver, British Columbia, Canada, V7V 3C7.

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 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, 2024:

	Year Ended		
	April 30, 2024 ($)	**April 30, 2023 ($)**	**Change**
Net loss	(112,868)	(330,695)	222,364
Cash used in operating activities	(106,354)	(82,010)	(33,455)
Cash at end of year	48,485	154,839	(111,850)
Loss per share – basic and diluted	(0.01)	(0.04)	0.03

Discussion of Operations and Proposed Transaction

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.

On August 31, 2023, the Company announced the resignation of its Chief Executive Officer and Chief Financial Officer, Andrew Yau, effective August 30, 2023.

On February 7, 2024, the Company announced that the lawsuit against Launchtrip and one of its officers was dismissed by consent and without costs to any party. Pursuant to the lawsuit, the Company was seeking repayment of a $250,000 secured loan it made to Launchtrip in connection with a terminated qualifying transaction. Although the Company continues to hold security over Launchtrip's IP, it views the probability of recovering any funds from Launchtrip as unlikely.

Summary of Quarterly Results

	Q4 2024 ($)	Q3 2024 ($)	Q2 2024 ($)	Q1 2024 ($)	Q4 2023 ($)	Q3 2023 ($)	Q2 2023 ($)	Q1 2023 ($)
Net loss for the period	(26,529)	(33,594)	(36,146)	(16,599)	(271,352)	(10,114)	(40,550)	(8,679)
Basic and diluted net loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.03)	(0.00)	(0.00)	(0.00)

During the three months ended April 30, 2024, the Company incurred a net loss of $26,539, as compared to$271,352 during the same quarter in the prior year. The decrease in net loss is mainly attributable to a loan impairment of $250,000 that was advanced to Launchtrip Technologies Corp.

Selected Annual Information

	Year ended		
	April 30, 2024 ($)	April 30, 2023 ($)	April 30, 2022 ($)
Net loss for the year	(112,868)	(330,695)	(130,457)
Basic and diluted loss per share	(0.01)	(0.04)	(0.02)

	April 30, 2024 ($)	April 30, 2023 ($)	April 30, 2022 ($)
Total assets	62,631	174,700	495,319

The significantly higher net loss in fiscal 2023 is attributable to a loan impairment of $250,000. The higher net loss in fiscal year 2022 is mainly due to the grant of 825,000 share options to certain directors, officers, and consultants of the Company, resulting in share-based payments expense of $61,530, compared to $4,088 in the fiscal year 2024. Additionally, the Company increased general and administrative expenses by $30,232 and reduced filing fees by $9,992 in fiscal year 2024 compared to fiscal year 2023.

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, 2024 ($)	April 30, 2023 ($)
Cash used in operating activities	(106,354)	(82,010)
Cash used in investing activities	-	(250,000)
Cash, end of period	**48,485**	**154,839**

As at April 30, 2024, the Company had working capital of $55,346, compared to $164,126 as at April 30, 2023.

During the current year, the Company used $106,354, in operating activities, primarily for professional fees and general and administration expenses. The Company used $82,010 in operating activities during the prior year primarily for professional and filing fees.

The Company provided a loan to Launchtrip in the amount of $250,000 during the prior year, included in cash used in investing activities.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Related Party Transactions

The Company entered into an office cost reimbursement agreement (the "OCRA") with Orea Mining Corp. ("Orea"), effective January 1, 2022, whereby the Company reimbursed Orea for certain office costs totaling $2,000 per month. Effective October 1, 2023, the OCRA was amended, whereby the Company reimbursed Orea for office costs totaling $3,000 per month, retroactively to January 1, 2023. The OCRA was terminated effective December 31, 2023. The Company and Orea had certain directors and officers in common.

The following is a summary of related party transactions:

	Year Ended	
	April 30, 2024 ($)	**April 30, 2023 ($)**
Amounts paid under the OCRA	28,000	24,000
Administrative fees paid to the CEO of the Company	5,900	-
Share-based payments incurred to the CEO of the Company	4,088	-

Commitments

The Company had no financial commitments as at April 30, 2024 and the date of this MD&A.

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

<u>Financial Risks</u>

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, 2024 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. As at April 30, 2024 and 2023, the Company is not exposed to significant foreign currency risk.

(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, and 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, 2024 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, 2024**
Common shares issued and outstanding	8,539,000	8,539,000
Share purchase options	725,000	725,000

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.

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.sedarplus.ca.

Corporation Information

Head Office:	3082 Spencer Place West Vancouver, BC V7V 3C7 Canada
Directors:	Robert Giustra, Chairman Daniela Freitas Jorge Martinez
Officers:	Daniela Freitas, Corporate Secretary, Interim Chief Executive Officer & Interim Chief Financial Officer
Auditor:	Saturna Group Chartered Professional Accounts 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

Shellron
CAPITAL

Financial Statements

For the Years Ended April 30, 2024 and 2023

(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, 2024 and 2023, 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 material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2024 and 2023, 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 $106,354 during the year ended April 30, 2024, and, as at that date, the Company had an accumulated deficit of $580,182. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended April 30, 2024. 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 of our report, 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 19, 2024

(Expressed in Canadian Dollars)

	April 30, 2024 ($)	April 30, 2023 ($)
Assets		
Current assets		
Cash	48,485	154,839
Receivables	1,169	9,861
Prepaid expenses	12,977	10,000
Total assets	**62,631**	**174,700**
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	7,285	10,574
Total liabilities	7,285	10,574
Shareholders' equity		
Share capital	569,910	569,910
Reserves (note 5)	65,618	61,530
Deficit	(580,182)	(467,314)
Total shareholders' equity	55,346	164,126
Total liabilities and shareholders' equity	**62,631**	**174,700**

Nature of operations and going concern (note 1)

Approved and authorized for issuance on behalf of the Board of Directors on August 19, 2024:

/s/ Daniela Freitas
Daniela Freitas, Director

/s/ Jorge Martinez
Jorge Martinez, Director

(Expressed in Canadian Dollars)

	Year Ended April 30, 2024 ($)	Year Ended April 30, 2023 ($)
Expenses		
General and administration (note 6)	51,102	14,970
Professional fees	22,243	36,175
Share-based payments (notes 5 and 6)	4,088	–
Transfer agent and filing fees	16,038	26,030
Travel	23,220	3,520
Total expenses	116,691	80,695
Loss before other income (expense)	(116,691)	(80,695)
Other income (expense)		
Interest income	3,823	–
Impairment of loan receivable (note 4)	–	(250,000)
Total other income (expense)	3,823	(250,000)
Net loss and comprehensive loss for the year	**(112,868)**	**(330,695)**
Loss per share, basic and diluted	**(0.01)**	**(0.04)**
Weighted average shares outstanding	**8,539,000**	**8,539,000**

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

(Expressed in Canadian Dollars)

	Share Capital				
	Number of Shares	**Amount ($)**	**Reserves ($)**	**Deficit ($)**	**Total ($)**
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**
Share-based payments	–	–	4,088	–	4,088
Net loss for the year	–	–	–	(112,868)	(112,868)
Balance, April 30, 2024	**8,539,000**	**569,910**	**65,618**	**(580,182)**	**55,346**

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

(Expressed in Canadian Dollars)

	Year Ended	
	April 30, 2024 ($)	**April 30, 2023 ($)**
Operating Activities		
Net loss for the year	(112,868)	(330,695)
Items not involving cash:		
Impairment of loan receivable	–	250,000
Share-based payments	4,088	–
Changes in non-cash working capital:		
Receivables	8,692	(4,191)
Prepaid expenses	(2,977)	(7,200)
Accounts payable and accrued liabilities	(3,289)	10,076
Net cash used in operating activities	(106,354)	(82,010)
Investing Activities		
Loan receivable advance	–	(250,000)
Net cash used in investing activities	–	(250,000)
Decrease in cash	(106,354)	(332,010)
Cash, beginning of year	154,839	486,849
Cash, end of year	**48,485**	**154,839**

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

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 3082 Spencer Place, West Vancouver, British Columbia, Canada, V7V 3C7.

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, 2024, the Company had no business operations and incurred negative cash flow from operations of $106,354. As at April 30, 2024, the Company had an accumulated deficit of $580,182. 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 significant 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. Such adjustments could be material.

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").

(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. Material Accounting Policy Information

(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) 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. Material Accounting Policy Information – *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, 2024, the Company has 725,000 (2023 – 825,000) potentially dilutive shares outstanding.

(d) 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
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. Material Accounting Policy Information – *continued*

(d) 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.

Measurement

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. Material Accounting Policy Information – *continued*

(e) 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 5(b).

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.

(f) 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 was 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 was 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 (the "Lawsuit") in the Supreme Court of British Columbia against Launchtrip for the repayment of the Loan. Accordingly, the Company recognized an impairment of $250,000 as at April 30, 2023. The Lawsuit was dismissed by consent and without costs to any party. Although the Company continues to hold security over Launchtrip's IP, it views the probability of recovering any funds from Launchtrip as unlikely.

5. Share Capital

(a) Common Shares

Authorized - unlimited common shares without par value.

As at April 30, 2024, the Company had 8,539,000 (2023 - 8,539,000) common shares issued and outstanding.

(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, 2022 and 2023	**825,000**	0.10
Granted	250,000	0.10
Forfeited	(350,000)	0.10
Balance, April 30, 2024	**725,000**	**0.10**

Additional information regarding the Company's share options as at April 30, 2024, is as follows:

	Options Outstanding		Options Exercisable	
Range of Exercise Prices ($)	**Number of Options Outstanding**	**Weighted Average Remaining Contractual Life (Years)**	**Number of Options Exercisable**	**Weighted Average Remaining Contractual Life (Years)**
0.10	725,000	3.0	725,000	3.3

The fair value of share-based payments as an expense during the year ended April 30, 2024, was $4,088 (2023 - $nil).

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 2024 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 ($)	Total Fair Value ($)
January 5, 2024	250,000	95%	3.27%	5	–	0.016	4,088

6. Related Party Transactions

During the year ended April 30, 2024, the Company incurred general and administration costs of $28,000 (2023 - $24,000) to a company with common officers and directors.

During the year ended April 30, 2024, the Company incurred general and administration fees of $5,900 (2023 - $nil) to the Chief Executive Officer of the Company.

During the year ended April 30, 2024, the Company incurred share-based payment compensation of $4,088 (2023 - $nil) to the Chief Executive Officer of the Company.

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, 2024, 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. As at April 30, 2024 and 2023, the Company is not exposed to significant foreign currency risk.

(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 include cash, and 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:

	2024 ($)	2023 ($)
Canadian statutory income tax rate	27%	27%
Income tax recovery at statutory rate	(30,474)	(89,288)
Tax effect of:		
Permanent differences and other	1,306	–
Change in unrecognized deferred income tax assets	29,168	89,288
Income tax provision	–	–

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

	2024 ($)	2023 ($)
Deferred income tax assets		
Non-capital losses carried forward	150,311	117,283
Share issuance costs	7,721	11,581
Unrecognized deferred income tax assets	(158,032)	(128,864)
Net deferred income tax asset	–	–

(Expressed in Canadian Dollars, except where noted)

9. Income Taxes- *continued*

As at April 30, 2024, the Company has non-capital losses carried forward of $556,708 (2023 - $434,380), which is available to offset future years' taxable income. These losses expire as follows.

	($)
2041	6,162
2042	83,225
2043	344,993
2044	122,328
Total	**556,708**

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, which was later dismissed by consent and without costs to any party.