SCOPE CARBON CORP.

(Formerly Puffin Capital Ltd.)

Interim Condensed Financial Statements
For the nine months ended June 30, 2022 and year ended September 30, 2021
(Expressed in Canadian Dollars)

Notice of no Auditor Review of Interim Financial Statements

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

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

SCOPE CARBON CORP.
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Interim Condensed Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	June 30, 2022	September 30, 2021
Assets			
Current			
Cash		537,266	1
GST receivable		8,257	144
Prepaid expenses		-	10,000
		545,523	10,145
Liabilities			
Current			
Corporate income tax payable		159	159
Accounts payable & accrued liabilities		108,854	-
Loan payable	**5**	-	10,000
		109,013	10,159
Shareholder's Equity (Deficit)			
Share capital	**6**	634,793	1
Deficit		(198,283)	(15)
		436,510	(14)
		545,523	10,145

Nature of operations and going concern (Note 1)
Subsequent events (Note 13)

Approved and authorized on behalf of the Board of Directors on August 29, 2022

"Darien Lattanzi" Director   "Alan Tam" Director

The accompanying notes are an integral part of these interim condensed financial statements

SCOPE CARBON CORP.
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Interim Condensed Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	For the nine months ended June 30, 2022	For the year ended September 30, 2021
		$	$
Administration expenses			
Advertising and promotion		6,176	-
Bank charges		690	-
Consulting fees	7	29,000	-
Currency exchange		136	-
Filling fees		14,450	-
Interest expense		-	1,906
Professional fees		133,352	3,000
Research and development		8,746	-
Travel & Entertainment		7,444	-
		(199,994)	(4,906)
Other items			
Other income on forgiveness of loans payable	6	1,726	-
Net loss before taxes		(198,268)	(4,906)
Income tax recovery		-	428
Net loss and total comprehensive loss for the period		(198,268)	(4,478)
Basic and diluted net loss per share		(0.01)	(4,478)
Weighted average number of shares outstanding		13,391,210	1

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SCOPE CARBON CORP.
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Interim Condensed Statements of Change in Shareholder's Equity
(Expressed in Canadian Dollars)

	Share Capital	Share Capital	Deficit	Total
	Number	**$**	**$**	**$**
Balance, September 30, 2020	1	1	4,463	4,464
Net loss for the period	-	-	-	-
Balance, June 30, 2021	**1**	**1**	**4,463**	**4,464**
Net loss for the period	-	-	(4,478)	(4,478)
Balance, September 30, 2021	**1**	**1**	**(15)**	**(14)**
Receipts of private placement funding	26,500,000	645,500	**-**	645,500
Less: Issue costs - cash	-	(10,708)	**-**	(10,708)
Net loss for the period	-	-	(198,268)	(198,268)
Balance, June 30, 2022	**26,500,001**	**634,793**	**(198,283)**	**436,510**

The accompanying notes are an integral part of these interim condensed financial statements

SCOPE CARBON CORP.
(Formerly Puffin Capital Ltd.)

Interim Condensed Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the nine months ended June 30, 2022	For the year ended September 30, 2021
	$	$
Cash flows from operating activities		
Net loss for the period	(198,268)	(4,478)
Items not affecting cash		
Gain on forgiveness of advance payable	(1,726)	-
	(199,994)	(4,478)
Changes in non-cash operating working capital		
GST receivables	(8,113)	(144)
Prepaids	10,000	(10,000)
Change in account payables and accrued liabilities	98,146	(23,608)
Cash used in operating activities	(99,961)	(38,230)
Cash flows from investing activities		
Short term loan receivable	-	28,230
Cash from (used in) investing activities	-	28,230
Cash flows from financing activities		
Loan proceeds	17,414	10,000
Repayment of loan financing	(688)	-
Receipts from private placement financing	620,500	-
Cash from (used in) financing activities	637,226	10,000
Increase (decrease) in cash and cash equivalents	537,265	-
Effects of foreign exchange on cash and cash equivalents		
Cash - Beginning	1	1
Cash - Ending	537,266	1

Supplemental cash flow information (Note 10)

The accompanying notes are an integral part of these interim condensed financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Scope Carbon Corp. ("the Company") was incorporated under the *Business Corporations Act* of British Columbia on June 20, 2018 as Puffin Capital Ltd., and on February 11, 2022 the Company changed its name to Scope Carbon Corp. The Company has acquired and is continuing to develop Artificial Intelligence ("AI") analytical software and intellectual property for use in analyzing data related to nature-based objects (e.g. forests, wetlands and other areas) as it relates to carbon credit certification (Note 12). The Company's current business plan is to enable large volumes of object-based data to be converted into digestible data that carbon credit experts and others are able to use to verify characteristics of trees, wetlands and other areas.

The Company's registered and corporate head office is located at 1800-510 West Georgia Street, Vancouver, British Columbia, V6B 0M3.

In March 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and specifically, the regional economies in which the Company operates. The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in future periods.

These condensed interim financial statements have been prepared on the going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

As at June 30, 2022, the Company had an accumulated deficit of $198,283 a working capital of $436,510 and has not generated any revenues since incorporation. The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its general operating expenses and to continue to implement its current business plan. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These factors may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. These condensed interim financial statements do not reflect the adjustments that may be necessary to be made to the carrying value of assets and liabilities, the reported expenses and the statements of financial position classifications used should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34 - Interim Financial Reporting. These condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended September 30, 2021 which have been prepared in accordance with IFRS as issued by the IASB.

In the preparation of these interim condensed financial statements, the Company has used the same accounting policies and methods of computation as in the annual financial statements for the year ended September 30, 2021.

The condensed interim financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company.

3. NEW ACCOUNTING STANDARDS

The Company did not adopt any new accounting standards during the period ended June 30, 2022.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the period of the change, if the change affects that period only; in the period of the change and future periods, if the change affects both.

a) Critical Judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustments to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Going concern

These condensed interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to source future financing and continue as a going concern involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

b) Key Sources of Estimation Uncertainty

The significant assumptions about the future and other major sources of estimation uncertainty as at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of the Company's assets and liabilities are as follows:

Income taxes

Significant estimate is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision.

5. LOAN PAYABLE

During the nine months ended June 30, 2022, the Company received an additional loan of $15,000 (for the year ended September 30, 2021 - $10,000) in the form of service fee paid in advance on behalf of the Company. The promissory note is non-interest bearing and has a term of one year. The promissory note included in these condensed interim financial statements, was settled on February 11, 2022 as part consideration of 2,200,000 units issued to the third party as part of the 15,900,000 unit raise on the same date (See Note 6).

6. SHARE CAPITAL

Authorized

An unlimited number of common shares without par value, without special rights or restrictions attached.
An unlimited number of preferred shares without par value, with special rights or restrictions attached.

Issued share capital

At June 30, 2022, there were 26,500,001 (September 30, 2021 – 1) issued and fully and fully paid common shares.

a) Financings

On January 31, 2022, the Company closed a non-brokered private placement for the issuance of 4,500,000 common shares at a price of $0.005 per share for aggregate gross proceeds of $22,500.

On February 11, 2022, the Company closed a non-brokered private placement for the issuance of 15,900,000 units at a price of $0.02 per unit for aggregate gross proceeds of $318,000. Each unit is comprised of one common share and one half of one common share purchase warrant, resulting in 7,950,000 warrants being issued as part of the private placement. Each whole warrant entitles the holder to purchase one common share at an exercise price of $0.20 per share for a period of two years, expiring February 11, 2024. The Company allocated all the proceeds to the share capital and no amounts were allocated the warrants by applying the residual approach.

On February 28, 2022, the Company closed a non-brokered private placement for the issuance 6,100,000 common shares at a price of $0.05 per share for aggregate gross proceeds of $305,000.

(Expressed in Canadian Dollars)

b) Share purchase warrants

The balance of warrants outstanding and related information for the nine-months ended June 30, 2022 are as follows:

	Number of warrants	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance September 30, 2021	-	-	-
Issued	7,950,000	$0.20	2.00
Balance June 30, 2022	7,950,000	$0.20	1.62
Exercisable, June 30, 2022	**7,950,000**	**$0.20**	**1.62**

The balance of warrants outstanding as at June 30, 2022 was as follows:

Expiry date	Exercise price	Remaining life (years)	Warrants Outstanding	Exercisable
February 11, 2024	$0.20	1.62	7,950,000	7,950,000
			7,950,000	**7,950,000**

7. RELATED PARTY TRANSACTIONS

Related party transactions have been measured at the exchange amount of consideration agreed between the related parties. Related party transactions not disclosed elsewhere in these condensed interim financial statements are listed below.

At June 30, 2021, there were no related party balances outstanding (September 30, 2021 - $Nil).

During the nine months ended June 30, 2022, the Company received an advance of $2,414, from a director of the Company. On December 31, 2021, the Company repaid part of the advance in the amount of $688. This advance was non-interest bearing and the remaining balance of $1,726 was forgiven.

During the nine months ended June 30, 2022, the Company incurred $12,000 (year ended September 30, 2021 - $Nil) of consulting fee charges to an officer who is also the director of the Company.

A director of the Company is also the Trustee to the Prescott Family Foundation, the counterparty to the Technology Acquisition Agreement (See Note 11).

Key management personnel comprise the Company's Board of Directors and executive officers. No other remuneration was paid to key management personnel during the nine months ended June 30, 2022 and year ended September 30, 2021 other than as indicated above.

8. FINANCIAL INSTRUMENTS

a) Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values.

- Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities. The Company's cash is carried at fair value using Level 1 inputs.
- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.
- Level 3 – Applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The Company believes that the carrying values of its financial instruments, being cash, bank overdraft, accounts payable and loans payable, approximate their fair values because of their nature and relatively short maturity dates or durations.

b) Management of risks arising from financial instruments

Discussions of risks associated with financial assets and liabilities are detailed below:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash held by the Company. The maximum exposure to credit risk is equal to the carrying value of the financial assets as disclosed in the statements of financial position. The credit risk related to cash is considered minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to pay its financial liabilities as they come due. The Company manages liquidity risk by maintaining sufficient cash to enable settlement of transactions as they come due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained. At June 30, 2022, the Company had a working capital of $436,510, refer to Note 1.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Company conducts its business in Canada, and its expenditures are primarily incurred in Canadian dollars, and is therefore not exposed to significant foreign currency risk.

9. SEGMENTED INFORMATION

The Company operates in one reportable segment, being the acquisition and development of AI analytical software related to nature-based objects. Currently the Company's assets, liabilities and operations are all based in Canada.

10. SUPPLEMENT CASH FLOW INFORMATION

	June 30, 2022	September 30, 2021
	$	$
Gain on forgiveness of loans payable	1,726	-
Shares issued for settlement of loan payable	25,000	-

12. TECHNOLOGY ACQUSITION AGREEMENT

On February 15, 2022, the Company entered in a Technology Acquisition Agreement (the "Technology Agreement") with the Prescott Family Foundation (the "Foundation"). The Foundation has developed and is the owner of the Image Recognition Technology to be used by the Company in the development of its business plan. The Company acquired the exclusive right to use and exploit the Image Recognition Technology.

In consideration for the rights granted, the Company shall issue:

- 250,000 common shares on the later of completion of expenditures of $250,000 or by February 15, 2023.
- An additional 250,000 common shares on the later of completion of expenditures of $600,000 or by February 15, 2024.
- An additional 250,000 common shares on the later of the Company generating revenue of $250,000 or by February 15, 2025.
- An additional 250,000 common shares on the later of the Company generating revenue of $500,000 or by February 15, 2026.

(together, the "Consideration Shares")

The Company has the option to accelerate the Technology Agreement by providing to the Foundation notice of two business days and to issue all the Consideration Shares to the Foundation. Pursuant to the same agreement, the Company may terminate the Technology Agreement at any time without cause, and without incurring any additional obligation, liabilities, or penalty, by providing at least 30 days' prior written notice to the Foundation.

The Company has concluded the Technology Acquisition Agreement is an asset acquisition and has elected to account for the contingent consideration when the conditions associated with the contingency are met. Therefore, no amount was recorded associated with the Technology Acquisition Agreement as at June 30, 2022.

13. SUBSEQUENT EVENTS

On August 10, 2022, the Company entered an agency agreement, pursuant to which the agent agreed on a best efforts basis to assist the Company's initial public offering and the Company agreed to pay a non-refundable corporate finance work fee of $35,000 upon closing.

On August 15, 2022, the Company became a Reporting Issuer. The Company's common shares will be listed on the Canadian Securities Exchange ("CSE") under the symbol "SCPE".