

**SCOPE CARBON CORP.**

*(Formerly Puffin Capital Ltd.)*

Financial Statements

For the Years Ended September 30, 2021 and 2020

(Expressed in Canadian Dollars)

# Mao & Ying LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Directors of **Scope Carbon Corp.** (formerly Puffin Capital Ltd.)

### Opinion

We have audited the financial statements of **Scope Carbon Corp.** (formerly Puffin Capital Ltd.) (the "Company"), which comprise the statements of financial position as at September 30, 2021 and 2020, and the statements of loss and comprehensive loss, changes in 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 September 30, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

### 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with 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 describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

The engagement partner on the audit resulting in this independent auditor's report is Linda Zhu.

Vancouver, Canada,  
August 10, 2022

*Mao & Ying LLP*

Chartered Professional Accountants

**SCOPE CARBON CORP.**  
*(Formerly Puffin Capital Ltd.)*

**Statements of Financial Position**  
*(Expressed in Canadian Dollars)*

	Note	September 30, 2021	September 30, 2020
<b>Assets</b>			
Current			
Cash		1	1
GST receivable		144	-
Prepaid expenses		10,000	-
Short-term loan receivables	5	-	28,230
<b>Total assets</b>		<b>10,145</b>	<b>28,231</b>
<b>Liabilities</b>			
Current			
Accounts payable & accrued liabilities		159	23,767
Loan payable	6	10,000	-
<b>Total liabilities</b>		<b>10,159</b>	<b>23,767</b>
<b>Shareholders' (Deficit) Equity</b>			
Share capital	7	1	1
(Deficit) retained earnings		(15)	4,463
<b>Total shareholders (deficit) equity</b>		<b>(14)</b>	<b>4,464</b>
<b>Total liabilities and shareholders (deficit) equity</b>		<b>10,145</b>	<b>28,231</b>

**Nature of operations and going concern** (Note 1)  
**Subsequent events** (Note 12)

Approved and authorized on behalf of the Board of Directors on August 10, 2022

\_\_\_\_\_  
 "Darien Lattanzi" Director

\_\_\_\_\_  
 "Alan Tam" Director

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

	Note	Year ended	
		September 30, 2021	September 30, 2020
		\$	\$
<b>Administration expenses</b>			
Professional fees		3,000	-
Interest expense		1,906	-
		(4,906)	-
<b>Other items</b>			
Provision of short-term loan receivables	5	-	(74,820)
<b>Net loss before taxes</b>		(4,906)	74,820
Income tax recovery	10	428	-
<b>Net loss and total comprehensive loss for the year</b>		(4,478)	(74,820)
<b>Basic and diluted net loss per share</b>		(4,478)	(74,820)
<b>Weighted average number of shares outstanding</b>		1	1

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

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	Share Capital Number	Share Capital \$	Deficit \$	Total \$
Balance, September 30, 2019	1	1	79,283	79,284
Net loss for the year	-	-	(74,820)	(74,820)
<b>Balance, September 30, 2020</b>	<b>1</b>	<b>1</b>	<b>4,463</b>	<b>4,464</b>
Net loss for the year	-	-	(4,478)	(4,478)
<b>Balance, September 30, 2021</b>	<b>1</b>	<b>1</b>	<b>(15)</b>	<b>(14)</b>

**SCOPE CARBON CORP.**  
*(Formerly Puffin Capital Ltd.)*

**Statements of Cash Flows**  
*(Expressed in Canadian Dollars)*

	Year ended	
	September 30, 2021	September 30, 2020
	\$	\$
<b>Cash flows from operating activities</b>		
Net loss for the year	(4,478)	(74,820)
Items not affecting cash		
Provision of short-term loan receivables	-	74,820
	(4,478)	-
Changes in non-cash operating working capital		
GST receivables	(144)	-
Prepays	(10,000)	-
Accounts payable and accrued liabilities	(23,608)	-
<b>Cash used in operating activities</b>	(38,230)	-
<b>Cash flows from investing activities</b>		
Short term loan receivable	28,230	-
<b>Cash flows from investing activities</b>	28,230	-
<b>Cash flows from financing activities</b>		
Loan proceed	10,000	-
Repayment of loan	-	(399,958)
<b>Cash from (used in) financing activities</b>	10,000	(399,958)
Decrease in cash and cash equivalents	-	(399,958)
Cash - Beginning of year	1	399,959
<b>Cash - End of year</b>	1	1

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**NOTES TO THE FINANCIAL STATEMENTS**

For the years ended September 30, 2021 and 2020

*(Expressed in Canadian Dollars)*

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Scope Carbon Corp. (“the Company”) was incorporated under the Company 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. 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 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 September 30, 2021, the Company had an accumulated deficit of \$15, a working capital deficit of \$14 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 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 financial statements have been presented in accordance with International Financial Reporting Standards (“IFRS”) and related IFRS Interpretations Committee (“IFRICs”) as issued by the International Accounting Standards Board (“IASB”). These financial statements have been prepared on a going concern basis, under the historical cost convention. In addition, these financial statements have been prepared using the accrual basis of accounting except for certain cash flow information.

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**NOTES TO THE FINANCIAL STATEMENTS**

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**3. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies used in the preparation of these financial statements are as follows:

**a) Basis of presentation**

These financial statements have been prepared on a historical cost basis except for some financial instruments classified in accordance with measurements standards under IFRS. These financial statements are presented in Canadian dollars unless otherwise specified.

**b) Determination of functional currency**

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions on the primary economic environment in which the entity operates. The functional and presentation currency of the Company is the Canadian dollar.

**c) Financial instruments**

***Recognition and Classification***

The Company recognized a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument.

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. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

***Measurement***

**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 profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss 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).

**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).

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**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.

**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 credit risk on 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 profit or 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 profit or loss. 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, is recognized in profit or loss.

**d) Share capital**

Common shares and warrants are classified as equity instruments. Transaction costs directly attributable to the issuance of common shares and warrants are recognized as a deduction from equity.

Warrants included in units offered to subscribers as part of corporate financings are bifurcated based on the residual approach being allocating the cash proceeds first to the share capital with the balance to warrants and are presented in contributed surplus in shareholders' equity.

Warrants issued to agents or brokers on a non-cash basis in connection with corporate financings are recorded at fair value using the Black-Scholes option pricing model and charged against share capital as issue costs with an offsetting increase to contributed surplus.

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**e) Loss per share**

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury method. The treasury method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate. Diluted loss per share is equal to the basic loss per share as the outstanding options and warrants are anti-dilutive.

**f) Segment reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. All operating segments' results are reviewed by the Company's management in order to make decisions regarding the allocation of resources to the segment. Segment results include items directly attributable to a segment as those that can be allocated on a reasonable basis.

**g) Income tax**

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax is estimated using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Company does not provide for temporary differences relating to differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax estimated is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position reporting date applicable to the period of expected realization or settlement.

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

**h) Accounting standard issued but not yet effective**

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended September 30, 2021 and have not been applied in preparing these financial statements. None of these pronouncements are expected to have material impact on the Company's financial statements.

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**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 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.

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**5. SHORT-TERM LOANS RECEIVABLE**

The short-term loans are non-interest bearing and are due on demand by the Company. As at September 30, 2020, there is a receivable balance of \$103,050 owed by two debtors of which \$51,525 was owed by an officer who is also the director of the Company (Note 8). As at the September 30, 2020, the Company recorded a provision of \$74,820 towards to this receivable balance. On September 30, 2021, the Company entered a release agreement with these two debtors to forgive the loan amount of \$74,820. The balance of \$28,230 was repaid during the year ended September 30, 2021.

**6. LOAN PAYABLE**

During the year-ended September 30, 2021, the Company received a loan of \$10,000 (2020 - \$Nil) from a third party in the form of certain legal costs paid in advance on behalf of the Company. The loan is non-interest bearing and is repayable within one year. (See Note 12c)).

**7. 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.

**8. 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 financial statements are listed below. (also see Note 5):

As at September 30, 2021, there were no related party balances outstanding (September 30, 2020 - \$14,115 receivable from an officer who is also the director of the Company).

Key management personnel comprise the Company's Board of Directors and executive officers. No remuneration was paid to key management personnel during the years ended September 30, 2021 and 2020.

**9. 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.

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- 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, short-term loans receivable and loan 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 September 30, 2021, the Company had a working capital deficit of \$15, 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 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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*(Expressed in Canadian Dollars)*

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**10. INCOME TAXES**

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	<b>September 30, 2021</b>	<b>September 30, 2020</b>
Statutory tax rate	27%	27%
	<b>\$</b>	<b>\$</b>
Net loss before tax	(4,906)	(74,820)
Expected income tax (recovery)	(1,325)	(20,201)
Temporal differences	-	20,201
Non-tax deductible items	296	-
Small business deduction	1,029	-
Tax loss utilized	(428)	-
<b>Total income tax recovery</b>	<b>(428)</b>	<b>-</b>

As at September 30, 2021, the Company has \$Nil non-capital loss. As at September 30, 2021, the Company has no future tax assets or tax liabilities.

**11. 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.

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*(Formerly Puffin Capital Ltd.)*

**NOTES TO THE FINANCIAL STATEMENTS**

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*(Expressed in Canadian Dollars)*

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**12. SUBSEQUENT EVENTS**

**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 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. No amounts were allocated the warrants included in the Units.

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.

**b) Technology acquisition agreement**

On February 15, 2022, the Company entered in a Technology Acquisition Agreement with the Prescott Family Foundation (the "Foundation"). The Trustee of the Foundation is also a director of the Company. 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 acquiror 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.

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**NOTES TO THE FINANCIAL STATEMENTS**

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**c) Promissory Note**

On October 1, 2021, the Company entered into a formal promissory note loan agreement with a third party for \$25,000. The promissory note is non-interest bearing and has a term of one year. The promissory note includes the \$10,000 advanced on the Company's behalf (Note 6) and includes \$15,000 of other amounts payable paid, subsequent to September 30, 2021, on the Company's behalf. The promissory note 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.

**d) Change of corporate name**

On February 11, 2022, the Company changed its name from Puffin Capital Ltd. to Scope Carbon Corp.

**e) Agency agreement**

On August 10, 2022, the Company entered an agency agreement, pursuant to which the agent agreed on best effort 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.