AAJ CAPITAL 3 CORP.

Condensed Interim Financial Statements

For the nine months ended March 31, 2022

Expressed in Canadian Dollars
(Unaudited – Prepared by Management)

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NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed 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 management and approved by the Audit Committee and Board of Directors of the Company.

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

May 26, 2022

AAJ CAPITAL 3 CORP.

Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars - Unaudited)

	Notes		March 31, 2022		June 30, 2021
			(Unaudited)		(Audited)
Assets					
Current assets:					
Cash		**$**	**183,507**	$	202,731
Funds held in trust			**9,140**		-
Prepaid expenses	8		**25,750**		25,750
		$	**218,397**	$	228,481
Liabilities and Shareholders' Equity					
Current liabilities:					
Trade payables and accrued liabilities	5	**$**	**86,902**	$	27,242
			86,902		27,242
Shareholders' equity:					
Share Capital	4		**235,000**		235,000
Deficit			**(103,505)**		(33,761)
			131,495		201,239
		$	**218,397**	$	228,481

Nature and continuance of business (Note 1)
Initial Public Offering (Note 8)

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

AAJ CAPITAL 3 CORP.

Condensed Interim Statement of Changes in Shareholders' Equity
(Expressed in Canadian Dollars – Unaudited)

		Share capital			
	Note	Shares	Amount	Deficit	Total Equity
Balance, January 26, 2021 (Date of Incorporation)		**–**	**$ –**	**$ –**	**$ –**
Common shares issued for cash	4	3,950,000	235,000	–	235,000
Net loss for the period				(2,409)	(2,409)
Balance, March 31, 2021		**3,950,000**	**235,000**	**(2,409)**	**232,591**
Net loss for the period		–	–	(31,352)	(31,352)
Balance, June 30, 2021		**3,950,000**	**235,000**	**(33,761)**	**201,239**
Net loss for the period		–	–	(69,744)	(69,744)
Balance, March 31, 2022		**3,950,000**	**$ 235,000**	**$ (103,505)**	**$ 131,495**

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

AAJ CAPITAL 3 CORP.

Condensed Interim Statement of Loss and Comprehensive Loss
(Expressed in Canadian Dollars – Unaudited)

	Note	**Three months ended March 31, 2022**	From Incorporation (Jan 26, 2021) to March 31, 2021	**Nine months ended March 31, 2022**	From Incorporation (Jan 26, 2021) to March 31, 2021
Expenses:					
Administrative fees	5	**$ 6,300**	$ -	**$ 18,900**	$ -
Office and miscellaneous		**41**	20	**142**	20
Professional fees		**45,828**	2,389	**50,702**	2,389
Net and comprehensive loss		**$ (52,169)**	$ (2,409)	**$ (69,744)**	$ (2,409)
Loss per common share – basic and diluted		**$ (0.01)**	$ (0.04)	**$ (0.02)**	$ (0.04)
Weighted average number of common shares outstanding – basic and diluted		**3,950,000**	61,719	**3,950,000**	61,719

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

AAJ CAPITAL 3 CORP.

Condensed Interim Statement of Cash Flows
(Expressed in Canadian Dollars – Unaudited)

		Nine months ended March 31, 2022		From Incorporation (Jan 26, 2021) to March 31, 2021
Cash provided by:				
Operating activities				
Net loss for the period	**$**	**(69,744)**	$	(2,409)
Changes in non-cash working capital:				
Trade payables and accrued liabilities		**50,520**		2,389
Change in cash		**(19,224)**		(20)
Cash, beginning of period		**202,731**		235,000
Cash, end of period	**$**	**187,507**	$	234,980

There were no non-cash investing or financing activities during the period ended March 31, 2022 and 2021.

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

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1. NATURE AND CONTINUANCE OF BUSINESS

AAJ Capital 3 Corp. (the "Company") was incorporated under the laws of the Province of British Columbia on January 26, 2021. The Company was formed for the primary purpose of completing an Initial Public Offering ("IPO") on the TSX Venture Exchange ("Exchange") as a Capital Pool Corporation ("CPC") as defined in Policy 2.4 of the Exchange. The principal business of the Company will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Company has not commenced operations and has no assets other than cash. The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and in the case of a non-arms' length transaction, of the majority of the minority shareholders.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for a proposed QT; reasonable expenses related to the CPC's IPO and prescribed costs of issuing the common shares and maintaining the CPC's regulatory requirements; and not exceeding in aggregate $3,000 per month for reasonable general and administrative expenses of the Company. These restrictions apply until completion of a QT by the Company as defined under the Exchange policy 2.4.

The Company's head office and principal address is Suite 2050 - 1055 West Georgia Street, Vancouver BC, V6E 3P3. The registered and records office is Suite 1500 – 1055 West Georgia Street, Vancouver, BC, V6E 4N7.

These financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon the successful identification of viable business projects, its ability to raise equity capital, to obtain loans from related parties, and to attain profitable operations to generate funds and meet current and future obligations. These conditions cast significant doubt on the Company's ability to continue as a going concern. During the period ended March 31, 2022, the Company reported a net loss of $69,744, and had a working capital of $131,495 (June 30, 2021 – $201,239).

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. 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. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the pandemic's impact on its business, results of operations, financial position and cash flows in the future.

2. BASIS OF PRESENTATION

These financial statements were authorized for issue on May 26, 2022 by the directors of the Company.

2. BASIS OF PRESENTATION (cont'd)

Statement of compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim financial statements have been prepared using accounting policies consistent with those used in the Company's annual financial statements for the year ended June 30, 2021. It is therefore recommended that these interim financial statements be read in conjunction with the Company's audited financial statements for the year ended June 30, 2021.

Basis of presentation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. These financial statements are presented in Canadian dollars unless otherwise noted.

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

3. SIGNIFICANT ACCOUNTING POLICIES

Recent accounting pronouncements

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. SHARE CAPITAL

a. Authorized

Unlimited number of common shares without par value.

b. Issued and outstanding

During the period ended March 31, 2022, there were no transactions affecting share capital.

During the period ended June 30, 2021, the Company completed the following transactions:

i) 3,200,000 common shares issued on March 31, 2021 at a price of $0.05 per share for gross proceeds of $160,000; and
ii) 750,000 common shares issued on March 31, 2021 at a price of $0.10 per share for gross proceeds of $75,000.

5. RELATED PARTY TRANSACTIONS

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors and officers.

On April 1, 2021, the Company entered into a rent and administrative services agreement with Varshney Capital Corp. ("VCC"), a company with a director in common, for office rent and administrative services provided to the Company on a month to month basis in exchange for a monthly fee of $2,000 plus taxes.

During the period ended March 31, 2022, the Company paid $18,900 (2021 - $Nil) for rent and administrative fees to VCC.

As at March 31, 2022, $Nil (June 30, 2021 - $183) was due was due to VCC for office expenses paid on behalf of the Company.

As at March 31, 2022, $9,140 (June 30, 2021 - $Nil) was due to a director for reimbursement of expenses.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at March 31, 2022, the fair value of cash held by the Company was based on level 1 inputs of the fair value hierarchy.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to

meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and seeking equity financing when needed.

As at March 31, 2022, the Company had cash on hand of $183,507 (June 30, 2021 - $202,731) and funds held in trust of $9,140 (June 30, 2021 - $Nil), which is sufficient to settle its current liabilities of $86,902 (June 30, 2021 - $27,242).

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's cash is held in an account with a major Canadian financial institution. The funds may be withdrawn at any time without penalty.

(b) Foreign currency risk

The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

(c) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on the Company's ability to obtain equity financing due to movements in individual equity prices. The Company closely monitors individual equity movements to determine the appropriate course of action to be taken by the Company.

7. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its operations. Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital.

In order to achieve this objective, management makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, management may invest its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed. The Company does not pay out dividends.

The Company has no long-term debt and is not subject to any externally imposed capital requirements.

8. INITIAL PUBLIC OFFERING

The Company applied to list its common shares on the Exchange and filed a prospectus with the intent of completing a public offering of 2,500,000 common shares at a price of $0.10 per share (the "Offering"). The Company entered into an agency agreement with Richardson Wealth Limited (the "Agent") dated March 25, 2021 to, on a commercially reasonable basis, act as agent for the Company for the Offering. The Company paid a commission equal to 10% of the total gross proceeds raised in the Offering. The Company also agreed to reimburse the Agent's reasonable expenditures related to the Offering and pay the Agent a non-refundable corporate finance fee of $15,000 plus sales taxes for administrative services upon closing of the Offering. The Company advanced a retainer of $25,750 to the Agent to cover the Agent's expenditures in April 2021.

In addition, the Company issued the Agent non-transferable warrants (the "Agent's Warrants") to purchase up to such number of common shares in an amount equal to 10% of the aggregate number of common shares sold pursuant to the Offering. The Agent's Warrants will be exercisable at a price of $0.10 per common share for a period of two years from the date that the common shares of the Company are listed on the Exchange.

Upon closing of the IPO, the Company intends to grant 645,000 stock options to directors and officers at an exercise price of $0.10 per share expiring 5 years from the IPO completion date.