WHATCOM CAPITAL II CORP.

(A Capital Pool Company)

Condensed Interim Financial Statements

For the three months ended May 31, 2022 and 2021

(Unaudited)

(Expressed in Canadian dollars)

Notice of No Auditor Review of Condensed Interim Financial Statements

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

The accompanying unaudited condensed interim financial statements of the Company for the three months ended May 31, 2022 and 2021 have been prepared by and are the responsibility of the Company's management. The Company's external auditors have not performed a review of these condensed interim financial statements.

WHATCOM CAPITAL II CORP.
(A Capital Pool Company)
Condensed Interim Statements of Financial Position
(Unaudited)
(Expressed in Canadian dollars)

	May 31, 2022	February 28, 2022
Assets		
Current		
Cash (Note 3)	$ 920,342	$ 931,817
Amounts receivable	300	-
Total Assets	920,642	931,817
Liabilities		
Current		
Accounts payable and accrued liabilities	5,300	10,460
Total Liabilities	5,300	10,460
Shareholders' Equity		
Share capital (Note 4)	966,689	966,689
Contributed surplus (Note 4)	125,398	125,398
Deficit	(176,745)	(170,730)
Total Shareholders' Equity	915,342	921,357
Total Liabilities and Shareholders' Equity	$ 920,642	$ 931,817

Nature of Operations (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on July 14, 2022 by:

/s/ "Darren Tindale"

Darren Tindale, Director

/s/ "Greg Clough"

Greg Clough, Director

WHATCOM CAPITAL II CORP.
(A Capital Pool Company)
Condensed Interim Statements of Net and Comprehensive Loss
(Unaudited)
(Expressed in Canadian dollars)

	Three Months Ended May 31,	
	2022 **$**	**2021** **$**
General and Administration Expenses		
Bank fees and interest	15	48
Filing fees and transfer agent	-	16,678
Professional fees	-	15,459
Rent	6,000	-
Net and Comprehensive Loss	(6,015)	(32,185)
Net loss per share, basic and diluted	(0.00)	(0.00)
Weighted average shares outstanding, basic and diluted	15,000,000	7,450,000

WHATCOM CAPITAL II CORP.
(A Capital Pool Company)
Condensed Interim Statement of Changes in Shareholders' Equity
(Unaudited)
(Expressed in Canadian dollars)

	Common Shares				
	Number of Shares	Amount	Contributed Surplus	Deficit	Equity
Balance, January 14, 2021 (Date of Incorporation)	-	$ -	$ -	$ -	$ -
Shares issued for cash	7,450,000	372,500	-	-	372,500
Net loss for the period	-	-	-	(6,767)	(6,767)
Balance, February 28, 2021	7,450,000	$ 372,500	$ -	$ (6,767)	$ 365,733
Shares issued in Initial Public Offering	7,550,000	755,000	-	-	755,000
Share issue costs	-	(160,811)	53,856	-	(106,955)
Share-based compensation	-	-	71,542	-	71,542
Net loss for the year	-	-	-	(163,963)	(163,963)
Balance, February 28, 2022	15,000,000	$ 966,689	$ 125,398	$ (170,730)	$ 921,357
Net loss for the period	-	-	-	(6,015)	(6,015)
Balance, May 31, 2022	15,000,000	$ 966,689	$ 125,398	$ (176,745)	$ 915,342

WHATCOM CAPITAL II CORP.
(A Capital Pool Company)
Condensed Interim Statements of Cash Flows
(Unaudited)
(Expressed in Canadian dollars)

	Three Months Ended May 31, 2022 $	Three Months Ended May 31, 2021 $
Cash Flows from Operating Activities		
Net loss for the period	$ (6,015)	$ (32,185)
Changes in non-cash working capital items		
(Increase) in amounts receivable	(300)	-
(Increase) in prepaids	-	(10,000)
(Decrease) increase in accounts payable and accrued liabilities	(5,160)	15,460
Net cash used in operating activities	(11,475)	(26,725)
Change in Cash During the Period	(11,475)	(26,725)
Cash, Beginning of Period	931,817	372,218
Cash, End of Period	$ 920,342	$ 345,493
Cash Paid During the Period for Interest	$ -	$ -
Cash Paid During the Period for Income Taxes	$ -	$ -

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

1. NATURE OF OPERATIONS

Whatcom Capital II Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on January 14, 2021. The Company is classified as a Capital Pool Company ("CPC") while the principal business is the identification and evaluation of assets or a business (the "Qualifying Transaction" ("QT")) and, once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities. There is no assurance that the Company will identify a Qualifying Transaction within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or delist the Company's shares from trading. The registered and head office of the Company is located at 750-1095 West Pender Street, Vancouver, B.C. V6E 2M6.

On May 28, 2021, the Company filed a prospectus with the securities regulatory authorities in the provinces of British Columbia, Alberta, Saskatchewan and Ontario. On July 27, 2021, the Company completed its initial public offering ("IPO") in which it distributed 7,550,000 common shares of the Company at a price of $0.10 per common share for aggregate gross proceeds of $755,000 pursuant to the final prospectus dated May 28, 2021. The Company's common shares were listed on July 27, 2021 and commenced trading on the TSX Venture Exchange (the "Exchange") on July 29, 2021 under the trading symbol "WAT.P". Haywood Securities Inc. (the "Agent") acted as exclusive agent in respect of the IPO on a commercially reasonable efforts basis. Pursuant to the IPO, the Agent received a cash commission of $75,500, a corporate finance fee of $10,000 and an aggregate of 755,000 non-transferable common share purchase warrants entitling the Agent and members of its selling group to purchase 755,000 common shares at $0.10 per common share at any time until July 27, 2023. At the closing of the IPO, the Company also granted stock options (the "Options") to certain directors of the Company to acquire up to an aggregate of 800,000 common shares. Each Option is exercisable to acquire one common share at a price of $0.10 any time up to to July 27, 2026 (Note 4). Following completion of the IPO, the Company has 15,000,000 common shares issued and outstanding, 7,630,000 of which are subject to escrow restrictions pursuant to the policies of the Exchange.

These unaudited condensed interim financial statements have been prepared on the 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. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. As at May 31, 2022, the Company has not generated any revenues from operations and has an accumulated deficit of $176,745 (Feb 28, 2022 - $170,730). The Company expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments to the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications used that may be necessary if the Company is unable to continue as a going concern.

In March 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. 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. It has also disrupted the normal operations of many businesses. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time. The pandemic might affect the Company's ability to raise capital or complete a Qualifying Transaction as required by the Exchange's Policies.

2. BASIS OF PRESENTATION

Statement of Compliance

These unaudited condensed interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"), and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements and accompanying notes for the year ended February 28, 2022, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these unaudited condensed interim financial statements are consistent with those applied in the Company's audited financial statements for the year ended February 28, 2022.

Basis of Preparation

The unaudited condensed interim financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. The unaudited condensed interim financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire periods presented in these unaudited condensed interim financial statements.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

3. CASH RESTRICTION

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than $3,000 per month may be used for administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange Policy 2.4.

4. SHARE CAPITAL

Authorized share capital

Unlimited Class A Common Shares without par value; and
Unlimited Class B Preferred Shares without par value

(Expressed in Canadian dollars)

4. SHARE CAPITAL (Cont'd)

Share issuances

On January 14, 2021, the Company issued 4,000,000 common shares at $0.05 per share to the directors of the Company for proceeds of $200,000.

On February 22, 2021, the Company completed a financing by issuing 3,450,000 common shares at $0.05 per share for proceeds of $172,500.

On July 27, 2021, the Company completed its initial public offering ("IPO") issuing 7,550,000 common shares of the Company at a price of $0.10 per common share for aggregate gross proceeds of $755,000 pursuant to a final prospectus dated May 28, 2021. The Agent received a cash commission of $75,500, a corporate finance fee of $10,000 and was reimbursed $20,000 for legal and related costs. The Agent also received 755,000 non-transferable common share purchase warrants (the "Agent Warrants") entitling the Agent and members of its selling group to purchase 755,000 common shares at $0.10 per common share until July 27, 2023.

Escrow

Seed shares issued below the IPO price, shares acquired from treasury by non-arm's length parties to the CPC and CPC stock options and shares issued on exercise of stock options, which were granted before the IPO and at an exercise price less than the IPO price, are all subject to a CPC Escrow Agreement. Under the CPC Escrow Agreement, 25% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 25% will be released on the dates 6, 12, and 18 months following the Initial Release. Shares acquired by the Pro Group at or above the IPO price and shares acquired by a Control Person in the secondary market are not subject to the CPC Escrow Agreement.

7,630,000 common shares have been deposited in escrow pursuant to the CPC Escrow Agreement.

Stock Options

On January 14, 2021, the Company adopted an incentive stock option plan (the "Option Plan") which allows the Company's Board of Directors, at its discretion and in accordance with TSX Venture Exchange requirements, to grant options to directors, officers and consultants for up to 10% of the issued and outstanding common shares. The options can be granted for a maximum term of ten years and vest at the discretion of the board of directors.

On July 27, 2021, the Company issued 800,000 stock options to directors of the Company at an exercise price of $0.10 and expire on July 27, 2026. The fair value of the 800,000 stock options issued was $71,542 and was estimated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	2.14%
Expected life	5 years
Expected volatility	142%
Expected dividends	0%

(Expressed in Canadian dollars)

4. SHARE CAPITAL (Cont'd)

The following table summarizes stock option transactions:

	Number of options	Weighted average exercise price
		$
Outstanding, February 28, 2022	800,000	0.10
No activity	-	-
Outstanding, May 31, 2022	800,000	0.10

The following table summarizes the stock options outstanding and exercisable as at May 31, 2022 as follows:

Exercise price	Number of options	Exercisable	Expiry date
$ 0.10	800,000	-	July 27, 2026

Warrants

On July 27, 2021, the Company issued 755,000 non-transferable common share purchase warrants to the Agent on completion of the IPO, entitling the Agent and members of its selling group to purchase 755,000 common shares at $0.10 per common share until July 27, 2023. The fair value of the Agent Warrants was $53,856 and was estimated using the Black-Scholes pricing model with the following assumptions:

Risk free interest rate	1.48%
Expected life	2 years
Expected volatility	149%
Expected dividends	0%

The following table summarizes warrant transactions:

	Number of warrants	Weighted average exercise price
		$
Outstanding, February 28, 2022	755,000	0.10
No activity	-	-
Outstanding, May 31, 2022	755,000	0.10

The following table summarizes the warrants outstanding and exercisable as at May 31, 2022:

Exercise price	Number of warrants	Exercisable	Expiry date
$ 0.10	755,000	-	July 27, 2023

5. TRANSACTIONS WITH RELATED PARTIES

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions. There was no compensation to key management personnel or other related party transactions for the three months ended May 31, 2022.

During the year ended February 28, 2022, a total of 800,000 stock options were issued to two directors of the Company at fair value of $71,542.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital Management

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes share capital in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The Company is not subject to externally imposed capital requirements other than the cash restriction disclosed in Note 3.

Risk Disclosures and Fair Values

The Company's financial instruments, consisting of cash and accounts payable and accrued liabilities, approximate fair values due to the relatively short-term maturities of the instruments. It is management’s opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Liquidity Risk

As at May 31, 2022, the Company had accounts payable and accrued liabilities of $5,300 due within 12 months and had cash of $920,342 to meet its current obligations. As a result, the Company has minimal liquidity risk.

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company limits its exposure to credit loss for cash by placing its cash with a major financial institution. The Company believes it has no significant credit risk.