Transition Opportunities Corp.
(A Capital Pool Company)

Financial Statements

For the Three-Month Period ended August 31, 2022

(Expressed in Canadian dollars)

Transition Opportunities Corp.
(A Capital Pool Company)

Statement of Financial Position
As at May 31, 2022 and
August 31, 2022

(Expressed in Canadian Dollars)

	August 31, 2022 (unaudited)	May 31, 2022 (audited)
Assets		
Current assets		
Cash (Note 4iii)	**$589,844**	$595,132
Total assets	**589,844**	595,132
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	**15,506**	19,561
Total liabilities	**$15,506**	$19,561
Shareholders' Equity		
Share capital (Note 4)	**576,562**	576,154
Contributed surplus	**47,325**	47,325
Warrants (Note 4)	**31,655**	31,655
Deficit	**(81,204)**	(79,563)
Total shareholders' equity	**574,338**	575,571
Total liabilities and shareholders' equity	**$589,844**	$595,132

Nature of the Business and Going Concern (Note 1)

Approved by the Board of Directors:

Signed: "*John Pantazopoulos*"
CEO / CFO and Director

Signed: "*Kevin Staveley*"
Director

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

Transition Opportunities Corp.
(A Capital Pool Company)
Statement of Loss and Comprehensive Loss
For the 3-Month period ended August 31, 2022
(Expressed in Canadian dollars)

	Three Month Period Ended August 31, 2022
Expenses	
General and administration	**$3,391**
Interest Income	(1,750)
Comprehensive Net Loss for period	**($1,641)**
Net loss per share – basic and diluted (Note 5)	**($0.00)**
Weighted average shares outstanding – basic and diluted (Note 5)	**10,000,000**

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

Transition Opportunities Corp.
(A Capital Pool Company)
Statement of Changes in Shareholders' Equity
For the 3-Month period ended August 31, 2022
(Expressed in Canadian dollars)

	Number of Shares	Amount	Contributed Surplus	Warrants	Deficit	Total Equity
Balance, May 31, 2022	**10,000,000**	**$576,154**	**$47,325**	**$31,655**	**($79,563)**	**$575,571**
Share issuance costs (Note 4)	-	408	-	-	-	408
Warrants issued (Note 4)	-	-	-	-	-	-
Share-based compensation (Note 4)	-	-	-	-	-	-
Net loss for the period	-	-	-	-	(1,641)	(1,641)
Balance, August 31, 2022	**10,000,000**	**$576,562**	**$47,325**	**$31,655**	**$81,204**	**$574,338**

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

Transition Opportunities Corp.
(A Capital Pool Company)
Statement of Cash Flows
For the 3-Month period ended August 31, 2022
(Expressed in Canadian dollars)

Cash flows from operating activities	
Net loss for the period	**($1,641)**
Share based compensation (Note 4)	
Changes in non-cash working capital:	
Accounts payable and accrued liabilities	**(4,055)**
Cash used by operating activities	**(5,696)**
Cash flows from financing activities	
Proceeds from issuance of common shares, net of issuance costs (Note 4)	**408**
Cash provided by financing activities	**-**
Change in cash during the period	**(5,288)**
Cash, beginning of period	**595,132**
Cash, end of period	**$589,844**

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

1. Nature of the Business and Going Concern

Transition Opportunities Corp. ("the Company") was incorporated under the *Business Corporations Act* (Alberta) on November 1, 2021. The Company's registered head office address is Suite 1900, 520 3rd Ave SW, Calgary, Alberta Canada T2P 0R3.

The Company was formed for the primary purpose of completing an initial public offering ("IPO") on the TSX Venture Exchange (the "Exchange") as a Capital Pool Company ("CPC") in accordance with Exchange Policy 2.4 *Capital Pool Companies* (the "CPC Policy"). As a CPC, the Company's principal business would be to identify, evaluate and acquire assets, properties or businesses which would constitute a qualifying transaction in accordance with the CPC Policy of the Exchange (the "Qualifying Transaction"). Until Completion of the Qualifying Transaction (as such term is defined in the CPC Policy), the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction.

These financial statements have been prepared on the basis that the Company will continue as a going concern. The proposed business of the Company and the completion of a Qualifying Transaction involves a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment within the requisite time period. Additional funds will be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern.

In March 2020, the outbreak of the novel strain of corona virus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

2. Basis of Presentation

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

Functional and Presentation Currency

The financial statements have been prepared in Canadian dollars, which is the Company's functional and presentation currency.

These financial statements were authorized for issue by the Board of Directors on October 27, 2022.

3. Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of the financial statements are set out below.

Financial instruments

Recognition and Derecognition

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognized when the rights to receive cash flows have expired or substantially all risks and rewards of ownership have been transferred.

Classification

Financial assets and liabilities are classified in the following measurement categories: i) those to be measured subsequently at fair value (either through profit or loss or through other comprehensive income), and ii) those to be measured subsequently at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss. For financial assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income. Classification of financial assets or financial liabilities at fair value through either profit or loss or other comprehensive income, is an irrevocable designation at the time of recognition.

Financial assets are reclassified when, and only when, the Company's business model for managing those assets changes. Financial liabilities are not reclassified.

Cash is comprised of cash held with a financial institution. Cash is classified as and subsequently measured at amortized cost.

Accounts payable and accrued liabilities are classified as other financial liabilities and are subsequently measured at amortized cost using the effective interest method. Interest expense is recorded in profit or loss.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of that instrument. Transaction costs of financial instruments with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest are measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any change taken through profit or loss or other comprehensive income.

3. Summary of Significant Accounting Policies (continued)

Financial instruments (continued)

Financial instruments are measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any change taken through profit or loss or other comprehensive income.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit loss associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is significant increase in credit risk, the Company compares the risk of default occurring as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information

Income taxes

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 year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the asset and 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 following temporary differences are not provided for: goodwill not- deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided 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 date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, the tax asset is not recognized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off 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.

3. Summary of Significant Accounting Policies (continued)

Use of estimates, assumptions, and judgements

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material. The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Going concern
Management has made an assessment of the Company's ability to continue as a going concern and the financial statements are prepared on a going concern basis. However, the Company has no source of operating revenue and its ability to operate as a going concern in the near-term will depend on its ability to successfully raise additional financing and to commence profitable operations in the future. These factors may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Amount of accrued liabilities
Accrued liabilities are recorded based on an estimate of unbilled work performed by the Company's vendors as well as any other payments which the Company will be required to make in relation to the current year's operations. Management makes these estimates based on expected billings and its knowledge of current operations. These estimates will affect the reported amounts of accrued liabilities and operating expenses.

Share-based payments
Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions could affect the fair value estimates.

Deferred tax assets
Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies. These estimates will affect the reported amounts of deferred tax assets and expenses.

3. Summary of Significant Accounting Policies (continued)

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Loss per share

Basic loss per share is calculated using the weighted average number of shares outstanding. Diluted loss per share assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted earnings per share calculation.

4. Share Capital

(i) Authorized

Unlimited common shares with no par value.

(ii) Seed Share Issuance

Between November 1, 2021 and November 30, 2021, the Company completed a private placement for gross proceeds of $250,000 by issuing 5,000,000 common shares at a price of $0.05 per share.

On April 21, 2022, the Company closed an Initial Public Offering (“IPO”) through the issuance of 5,000,000 common shares of the Company at a price of $0.10 per common share for total gross proceeds of $500,000. Pursuant to the terms of the IPO, the Company paid a cash commission to the Agent (the “Agent”) of 10% of the gross proceeds of the IPO, and a corporate finance fee of $12,500, plus the Agent’s legal fees incurred and other expenses, up to a maximum of $13,000 in legal fees. The Company also granted the Agent 500,000 warrants of the Company, at a purchase price of $0.10 per share until the earlier of (i) 60 months from the closing of the IPO, and (ii) 12 months from the date on which the common shares of the Company commence trading on the Exchange (or other recognized stock exchange), following completion of the Qualifying Transaction.

(iii) Cash Terms of Use

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to $3,000 per month may be used to cover costs of administrative and general expenses of the Company. These restrictions may apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

(iv) Shares Subject to Escrow

Upon closing of the IPO, the 5,000,000 common shares of the Company outstanding at November 30, 2021 are subject to a CPC Escrow Agreement (Form 2F) (the “Escrow Agreement”), and will be released from escrow in stages over a period of 18 months from the date of the Final QT Exchange Bulletin (as such term is defined in the CPC Policy).

(Expressed in Canadian dollars)

4. Share Capital (continued)

(iv) Stock Options

The Company adopted a Stock Option Plan (the "Stock Option Plan"), which provides for grants of incentive share options and nonqualified share options to employees (including officers), consultants and directors. The Stock Option Plan, and grants made under the Stock Option Plan, are designed to align shareholder and participant interests. The Company's board of directors establishes the terms and conditions of any grants under the Stock Option Plan. The options vest immediately.

Share-based compensation expense for the 3-month period ended August 31, 2022 was $0.

The Company recognizes compensation expense for the 1,000,000 share option grants based on the fair value at the date of grant using the Black-Scholes option pricing model. The following assumptions were used to determine the fair value of share option grants.

Valuation assumptions:	
Expected volatility	125%
Expected term (years)	2
Risk-free interest rate	0.98% and 2.63%
Share price	$0.05 and $0.10

The following table includes all issued and outstanding options as at August 31, 2022:

Grant Date	Exercise Price	Expiry Date	Remaining Life (years)	Options Outstanding and Exercisable
November 24, 2021	$0.05	November 24, 2026	4.5	500,000
April 21, 2022	$0.10	April 21, 2027	4.9	500,000
Balance – Aug 31, 2022	$0.08		4.7	1,000,000

Volatility was estimated by considering comparable industry assumed volatility. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

(i) Agent Warrants

Agent warrants of 500,000 were issued in conjunction with the IPO. Each warrant entitles its holder to purchase one common share at a price of $0.10 for a period of 60 months. The Company accounts for these Agent warrants using the Black-Scholes option pricing model utilizing the following assumptions:

Expected volatility	125%
Expected term (years)	2
Risk-free interest rate	$2.63%
Share Price	$0.10

The fair market value of the Agent Warrants issued was $31,655 as reported in share capital with a corresponding amount in warrants

5. Net Loss per Share

All 10,000,000 shares issued were included with the loss per share calculations.

6. Related Party Transactions

During the period ended August 31, 2022, the Company incurred legal expenses of $1,208 to Borden Ladner Gervais LLP for general corporate matters. Included in the August 31, 2022 accounts payable and accrued liabilities is $0 due to Borden Ladner Gervais LLP.

7. Financial Instruments and Risk Management

Fair Values

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short- term maturity of these instruments.

The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management’s involvement in the operations allows for the identification of risks and variances from expectations. The Company does not participate in the use of financial instruments to mitigate these risks. The Board of Director’s approves the risk management processes. The Board of Director’s main objectives for managing risks are to ensure liquidity, the fulfilment of obligations, the continuation of the Company’s search for a Qualifying Transaction, and limited exposure to credit and market risks.

8. Financial Instruments and Risk Management (continued)

The types of risk exposure and the way in which such exposures are managed are as follows:

Credit Risk

Credit risk is the risk of loss associated with a counter-party’s inability to fulfil its payment obligations. As at August 31, 2022, the Company's maximum exposure to credit risk is $589,844 and is comprised of cash. All of the Company's cash is held with the Company’s bank. Management has judged credit risk to be low as it is held with a major Canadian financial institution.

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 market interest rates. None of the Company’s financial instruments bear interest. Therefore, management believes that the Company is not exposed to any significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

9. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and ensure sufficient liquidity in order to become a CPC and complete a Qualifying Transaction so that it can provide adequate returns for shareholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital as total equity.