MANDALA CAPITAL INC.

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

For the Six months Ended June 30, 2022 and the Period from Incorporation of March 5, 2021 to June 30, 2021

(Expressed in Canadian Dollars)

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

Notice of Disclosure of Non-Auditor Review of Unaudited Interim Condensed Financial Statements

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

The accompanying unaudited interim condensed financial statements of Mandala Capital Inc. (the "Company") for the period ended June 30, 2022 and 2021, have been prepared in accordance with International Financial Reporting Standards and are the responsibility of the Company's management.

The Company's independent auditors, PKF Antares, have not performed a review of the unaudited interim condensed financial statements for the period ended June 30, 2022 and 2021 in accordance with the standards established by the Chartered Professional Accountants Canada for a review of interim financial statements by an entity's auditor.

MANDALA CAPITAL INC.

Unaudited Interim Condensed Statements of Financial Position
as at June 30, 2022 and December 31, 2021
(Expressed in Canadian dollars)

	Notes	(Unaudited) June 30, 2022	(Audited) December 31, 2021
		$	
Assets			
Current assets			
Cash		131,111	156,797
		131,111	156,797
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		36,045	32,000
		36,045	32,000
Shareholder's equity			
Common shares	4	170,000	170,000
(Deficit)		(74,934)	(45,203)
		95,066	124,797
		131,111	156,797

Subsequent events (Note 8)

Approved on behalf of the Board

"Wendy Chan", Director

"Patrick Sapphire", Director

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

MANDALA CAPITAL INC.

Unaudited Interim Condensed Statements of Loss and Comprehensive Loss
For the period ended June 30, 2022 and the period from
incorporation date on March 5, 2021 to June 30, 2021
(Expressed in Canadian dollars)

	Notes	3 months ended June 30, 2022	3 months ended June 30, 2021	6 months ended June 30, 2022	Period ended June 30, 2021
		$	$	$	$
Expenses					
Bank charges		75	-	92	-
Filing fees		529	-	13,219	-
Professional fees		6,280	10,000	16,420	10,000
		6,884	10,000	29,731	10,000
Net loss and comprehensive loss		(6,884)	(10,000)	(29,731)	(10,000)
Net loss per share					
Basic and diluted		(0.002)	(0.007)	(0.009)	(0.009)
Weighted average number of shares outstanding					
Basic and diluted		3,400,000	1,432,968	3,400,000	1,114,531

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

MANDALA CAPITAL INC.

Unaudited Interim Condensed Statements of Changes in Equity

(Expressed in Canadian dollars)

		Common shares			Total shareholders' equity
	Notes	Number	Amount	Deficit	
			$	$	$
Balance at March 5, 2021 and March 31, 2021				**-**	
Issue of shares for cash	4	3,000,000	150,000	-	150,000
Net loss for the period		-	-	(10,000)	(10,000)
Balance at June 30, 2021		**3,000,000**	**150,000**	**(10,000)**	**140,000**
Issue of shares for cash	4	400,000	20,000	-	20,000
Net loss for the period		-	-	(35,203)	(35,203)
Balance at December 31, 2021		**3,400,000**	**170,000**	**(45,203)**	**124,797**
Net loss for the period		-	-	(29,731)	(29,731)
Balance at June 30, 2022		**3,400,000**	**170,000**	**(74,934)**	**95,066**

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

MANDALA CAPITAL INC.

Unaudited Interim Condensed Statements of Cash Flows
For the period ended June 30, 2022 and the period from
incorporation date on March 5, 2021 to June 30, 2021
(Expressed in Canadian dollars)

	Notes	6 months ended June 30, 2022	Period ended June 30, 2021
		$	
Operating activities			
Net (loss) income		(29,731)	(10,000)
Items not involving cash			
Share based payments		-	
		(29,731)	(10,000)
Changes in non-cash working capital		4,045	-
		(25,686)	(10,000)
Financing activities			
Shares issued for cash	4	-	150,000
		-	150,000
(Decrease) Increase in cash		(25,686)	140,000
Cash, beginning of period		156,797	-
Cash, end of period		131,111	140,000

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

1. Nature of Operations

Mandala Capital Inc. (“Mandala” or the “Company”) was incorporated as 1292890 B.C. Ltd. under the Business Corporations Act of British Columbia, Canada on March 5, 2021, and changed its name to Mandala Capital Inc. on September 9, 2021. The Company’s registered address is 1500 Royal Centre PO Box 11117, 1055 West Georgia Street, Vancouver, BC, Canada, V6E 4N7. Its mailing address and head office is 100 Wellington Street West Unit 1240, Toronto, Ontario, Canada, M5K 1B7.

The Company is incorporated for the purpose of being a Capital Pool Company (“CPC”) as per policy 2.4 of the TSX Venture Exchange (the “Exchange”) with a view to completing a Qualifying Transaction (“QT”). As of December 31, 2021, the Company has not commenced commercial operations and has no assets other than cash. The Company will not carry on any business other than in the identification and evaluation of assets or business to complete a QT as defined under the policies of the Exchange.

These unaudited interim condensed financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has not yet achieved profitable operations with working capital of $95,066 as of June 30, 2022 (December 31, 2021 - $124,797) and incurred a net loss of $29,731 for the period ended June 30, 2022 (2021 - $10,000).

The ability of the Company to carry out its business objectives is dependent on its ability to secure continued financial support from related parties, obtain equity financing, or ultimately attain profitable operations in the future. Whether and when the Company can attain profitability and positive cash flows are uncertain. Based on its current plans, budgeted expenditures, and cash requirements, the Company should be able to finance sufficient cash for its current plans for at least 12 months from June 30, 2022.

For these reasons, the Company continues to adopt the going concern basis in preparing the financial statements.

Since February 2020, the coronavirus (“COVID-19”) has threatened a slowdown in the global economy as well as caused volatility in the global financial markets. While the full impact of COVID-19 on the global economy is uncertain, the rapid spread of COVID-19 may have an adverse effect on the Company’s operation. The extent to which COVID-19 may impact the Company’s business will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing, business closures or business disruptions, and the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the disease.

2. Basis of presentation and statement of compliance

Statement of compliance

These unaudited interim condensed financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of unaudited interim condensed financial statements, including IAS 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The significant accounting policies applied in these financial statements are presented below.

2. Basis of presentation and statement of compliance (continued)

The policies used for the preparation of these unaudited interim condensed financial statements were the same accounting policies and methods of application as the audited financial statements of the Company for the period ended December 31, 2021, and were consistently applied to all the periods presented unless otherwise noted below. They do not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements for the period ended December 31, 2021.

These unaudited interim condensed financial statements were prepared on a going concern basis under the historical cost convention and these unaudited interim condensed financial statements were authorized for issuance by the Board of Directors of the Company on August 22, 2022.

Functional and presentation currency

These unaudited interim condensed financial statements have been presented in Canadian dollars (“$”) which is the functional currency of the Company.

New standards and interpretations not yet adopted

There are no new standards, interpretations, and amendments to existing standards that have been issued by the IASB or IFRIC that are applicable or are consequential to the Company that needs to be disclosed.

3. Significant accounting judgments and estimates

The preparation of the Company’s unaudited interim condensed financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the unaudited interim condensed financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance. Actual results could differ from these estimates.

The critical accounting estimates and judgments used for the preparation of these unaudited interim condensed financial statements were the same as the audited financial statements of the Company for the period ended December 31, 2021.

4. Share capital

Authorized: Unlimited common shares at no par value.

Issued and outstanding:

As of June 30, 2022, the Company had 3,400,000 (December 31, 2021 – 3,400,000) common shares issued and outstanding.

On March 5, 2021, the Company issued 1 common share to the Incorporator of the Company at $1.00 per share for total cash consideration of $1. On May 17, 2021, the Company repurchased and canceled the 1 common share that had been issued to the Incorporator of the Company for aggregate consideration of $1.00. On May 17, 2021, the Company issued 2,800,000 common shares in a private placement at $0.05 per share for total cash consideration of $140,000. On May 25, 2021, the Company issued 200,000 common shares at $0.05 per share for a cash consideration of $10,000. On October 6, 2021, the Company issued 400,000 common shares at $0.05 per share for a cash consideration of $20,000. See Note 8.

5. Related party transactions

All transactions with related parties have occurred in the normal course of business operations.

Three directors and officers of the Company and a company controlled by a director of the Company purchased a total of 1,600,000 common shares issued in the period ended December 31, 2021, for gross proceeds of $80,000. See Note 8.

6. Financial risk management

Risk management framework

The Company’s board of directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The board of directors has established a risk management strategy, which incorporates the development and monitoring of the Company’s risk management activities. The Company’s risk management policies are established to identify and analyze the risks faced by the Company, set appropriate risk limits and controls, and monitor risks and adherence to limits. The Company’s approach to risk management is assessed regularly to reflect changes in market conditions and the Company’s activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk on its cash. The Company's maximum exposure to this risk is equal to the carrying amount of these financial assets. The cash is held with a financial institution that is highly rated. The Company has assessed an insignificant loss allowance on these financial instruments.

6. Financial risk management (Continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have access to sufficient liquid assets to meet its current liabilities when they are due, under both normal and stressed conditions, without incurring excessive losses. Further, the Company's management is responsible for ensuring funds exist and are readily accessible to support business opportunities as they arise. The Company is exposed to this risk on its accounts payable and accrued liabilities.

7. Capital management

The Company's objectives when managing its capital are to maintain a sufficient capital base to (i) meet its short-term obligations, (ii) sustain future operations and expansions, (iii) ensure its ability to continue as a going concern, and (iv) retain stakeholder confidence and value. The Company defines capital as its net assets, total assets less total liabilities. The company is not subject to any externally imposed capital requirements. As of June 30, 2022, the Company managed a net asset of $95,066.

8. Commitment and subsequent events

On August 11, 2022, the Company filed a final prospectus with the securities regulatory authorities in the provinces of British Columbia, Ontario, and Alberta, and according to an agency agreement (the "Agency Agreement") dated May 31, 2021, between the Company and Haywood Securities Inc. (the "Agent") to offer a minimum of 5,000,000 common shares to raise $500,000 at $0.10 per common share and a maximum of 7,500,000 common shares to raise $750,000 at $0.10 per common share. The Agent will receive a cash commission of 10% of the gross proceeds from the sale of the common shares. Additionally, the Company will pay a cash corporate finance fee of $10,000 (exclusive of applicable taxes) to the Agent on the closing of the Offering. According to the Agency Agreement, the Agent, and any sub-agents as the Agent may direct, will be granted non-transferable warrants (the "Agent's Warrants") to purchase Common Shares of the Company (the "Agent's Shares") in an amount equal to 10.00% of the Common Shares sold according to the Offering for a maximum of 750,000 Agent's Warrants, for $0.10 per Agent's Share, and expiring 60 months from the closing date of the Offering.

The Company's directors and officers have signed an escrow agreement and have placed 3,400,000 common shares into escrow. It will be released from escrow in stages over 18 months from the date of the Final Qualifying Transaction Exchange Bulletin.

Subsequent to June 30, 2022, the Company issued 560,000 common shares to three directors and officers of the Company at $0.05 per share for a total cash consolidation of $28,000. The 560,000 common shares are also placed into escrow under an escrow agreement that will be released from escrow in stages over 18 months from the date of the Final Qualifying Transaction Exchange Bulletin.