Scaling Capital 1 Corp.

(A Capital Pool Company)

Interim Financial Statements

For the Three Months and Six Months Ended June 30, 2024

(Unaudited - Stated in Canadian Dollars)

Scaling Capital 1 Corp.
(A Capital Pool Company)
Interim Statements of Financial Position
As at
(Unaudited - in Canadian Dollars)

		June 30, 2024		December 31, 2023
Assets				
Current				
Cash	**$**	**807,265**	$	839,314
HST recoverable		**8,099**		6,091
Interest receivable		**3,089**		-
Total Assets	**$**	**818,453**	$	845,405
Liabilities				
Current				
Accounts payable and accrued liabilities	**$**	**17,000**	$	21,333
Total Liabilities	**$**	**17,000**	$	21,333
Shareholders' Equity				
Share capital (note 6)	**$**	**873,954**	$	873,954
Contributed surplus		**187,592**		187,592
Deficit		**(260,093)**		(237,474)
Total Shareholders' Equity	**$**	**801,453**	$	824,072
Total Liabilities and Shareholders' Equity	**$**	**818,453**	$	845,405

Nature of operations and going concern (note 1)

Approved on behalf of the Board of Directors of Scaling Capital 1 Corp.

(signed) *"John Wilson"*
Director

(signed) *"James Fox"*
Director

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

Interim Statements of Net Income (Loss) and Comprehensive Income (Loss)

For the three and six months ended June 30, 2024 and 2023
(Unaudited - in Canadian Dollars)

	Three months ended June 30		Six months ended June 30	
	2024	2023	**2024**	2023
Revenues				
Interest income	**$ 13,133**	$ -	**$ 13,133**	$ -
Total Revenues	**13,133**	-	**13,133**	-
Expenses				
Professional fees	**$ 5,389**	$ 45,571	**$ 35,752**	$ 51,382
Share based compensation (note 6)	**-**	(30,220)	**-**	28,235
Total Expenses	**5,389**	15,351	**35,752**	79,617
Net income (loss) and comprehensive income (loss)	**$ 7,744**	$ (15,351)	**$ (22,619)**	$ (79,617)
Net income (loss) per share (note 9)				
Basic and diluted	**$ 0.00**	$ (0.00)	**$ (0.00)**	$ (0.00)

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Interim Statements of Changes in Equity

For the six months ended June 30, 2024 and 2023
(Unaudited - in Canadian Dollars)

	Number of shares		Share capital ($)		Contributed Surplus		Deficit		Total ($)
Balance as at December 31, 2022	12,500,000	$	625,000	$	-	$	(42,347)	$	582,653
Issuance of common shares on IPO	4,500,000		450,000		-		-		450,000
Issuance of options	-		-		28,236		-		28,236
Share issuance costs	-		(136,748)		-		-		(136,748)
Net loss and comprehensive loss	-		-		-		(79,618)		(79,618)
Balance as at June 30, 2023	**17,000,000**		**938,252**		**28,236**		**(121,965)**		**844,523**
Issuance of options	-		-		159,356		-		159,356
Share issuance costs	-		(64,298)		-		-		(64,298)
Net loss and comprehensive loss	-		-		-		(115,509)		(115,509)
Balance as at December 31, 2023	**17,000,000**	**$**	**873,954**	**$**	**187,592**	**$**	**(237,474)**	**$**	**824,072**
Net loss and comprehensive loss	-		-		-		(22,619)		(22,619)
Balance as at June 30, 2024	**17,000,000**	**$**	**873,954**	**$**	**187,592**	**$**	**(260,093)**	**$**	**801,453**

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

Scaling Capital 1 Corp.
(A Capital Pool Company)
Interim Statements of Cash Flows
For the six months ended June 30, 2024 and 2023
(Unaudited - in Canadian Dollars)

Operating activities		**2024**		2023
Net loss for the period	**$**	**(22,619)**	$	(79,617)
Non-cash items:				
Share based compensation		**-**		28,235
Changes in non-cash working capital:				
HST Recoverable		**(2,008)**		-
Interest receivable		**(3,089)**		-
Accounts payable and accrued liabilities		**(4,333)**		(49,657)
Cash used in operating activities	**$**	**(32,049)**	$	(101,039)
Financing activities				
Issuance of Common shares (note 6)	**$**	**-**		450,000
Share issuance costs		**-**		(80,005)
Cash provided by financing activities	**$**	**-**	$	369,995
Net increase (decrease) in cash	**$**	**(32,049)**		268,956
Cash, beginning of period	**$**	**839,314**		611,757
Cash, end of period	**$**	**807,265**	$	880,713

Supplemental disclosure of non-cash transactions:

Deferred issuance costs reclassified to share capital	$	-	$	56,743

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

1. Nature of Organization

Scaling Capital 1 Corp. (the "Corporation") is a capital pool company (CPC) incorporated under the *Business Corporations Act* (Alberta) on November 1, 2021.

The Corporation's registered office is located at 800-333 7 Ave SW, Calgary, Alberta, T2P 2Z1.

Initial Public Offering

On February 10, 2023, the Corporation completed an initial public offering (the "Offering") to raise gross proceeds of $450,000 on the TSX Venture Exchange (the "Exchange") by issuing 4,500,000 common shares at a purchase price of $0.10 per share. The proceeds of the Offering will be used by the Corporation, as a capital pool company, to fund its search for a Qualifying Transaction in accordance with Exchange Policy 2.4.

Going Concern

These financial statements have been prepared on a going concern basis, which assumes the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business. There are material uncertainties that cast significant doubt on the validity of this assumption. On February 10, 2023, the Corporation completed their initial public offering which is required to become a CPC.

The Corporation incurred a net loss and comprehensive loss of $22,619 (2023 – $79,617) for the six months ended June 30, 2024, and a deficit of $260,093 (December 31, 2023 - $237,474). The Corporation has a working capital surplus of $801,453 (December 31, 2023 - $824,072) as of June 30, 2024; however, the Corporation is subject to externally imposed restrictions on the use of proceeds from share issuances pursuant to TSX Policy 2.4 (Note 5). The Corporation's ability to continue as a going concern is dependent upon its ability to fund its future operations and complete a qualifying transaction in accordance with TSX Exchange Policy 2.4.

These financial statements do not reflect adjustments in the carrying value of the assets and liabilities, the reported expenses and the statement of financial position classifications that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

2. Basis of Presentation

Statement of Compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and comply with IAS 34 – Interim Financial Reporting in accordance with section 3.2(1)(b) of NI 52-107.

The Board of Directors approved the issuance of these financial statements on October 22, 2024.

Basis of Measurement and Functional Currency

The financial statements are presented in Canadian dollars ("CAD"), which is the Corporation's functional and presentation currency. The financial statements are prepared on a historical cost basis. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

Use of Estimates and Significant Assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgments are made by management to determine the likelihood of whether deferred tax assets will be realized from future taxable earnings. To the extent that assumptions regarding future profitability change, there can be an adjustment in the deferred tax assets as well as an income impact in the period in which the change occurs.

3. Material Accounting Policies

Cash and Cash Equivalents

Cash is comprised of amounts held in a chartered Canadian bank. There are no cash equivalents as at June 30, 2024 and December 31, 2023.

Share Based Compensation

The Corporation applies a fair value-based method of accounting to all share-based payments. Stock options are measured at the fair value of each tranche on the grant date and recognized over their respective vesting period. The value of the stock options is presented as an expense when applicable with a corresponding credit to contributed surplus. On the exercise of stock options, share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus. The Corporation uses the Black-Scholes option pricing model to estimate the fair value of these stock options.

Net Income (Loss) Per Common Share

Net income (loss) per common share has been calculated based on the weighted average number of common shares outstanding during the period using the treasury stock method.

Financial Instruments

Recognition

The Corporation recognizes financial assets and financial liabilities on the date the Corporation becomes a party to the contractual provisions of the instruments.

Classification

The Corporation classifies its financial assets and financial liabilities in the following measurement categories: i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss, and ii) those to be measured 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 (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Corporation reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Corporation has adopted the following classifications:

Cash and interest receivable are classified as assets at amortized cost.

Accounts payable and accrued liabilities are classified as liabilities at amortized cost.

Deferred Issuance Costs

Professional, consulting, regulatory and other costs directly attributable to the financing transaction were recorded as deferred issuance costs until the financing transaction was completed.

4. New Accounting Pronouncements

New accounting standards, amendments and interpretations:

The Company has adopted the following amendment effective January 1, 2024:

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements

The amendments require qualitative and quantitative information to be provided about supplier finance arrangements. Typically, a supplier finance arrangement involves one or more finance providers offering to pay amounts that a company owes to its suppliers and the company agreeing to pay those finance providers with the same or different term than the original term with the suppliers. The amendments supplement the current requirements in the IFRS standards that apply to reverse factoring and similar arrangements and enhances transparency to assist users in understanding the effects of these arrangements on a company's liabilities, cash flows, liquidity risk and risk management.

There was no significant impact to the financial statements as a result of the adoption of these amendments.

Future accounting standards and amendments

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 introduces three sets of new requirements to give investors more transparent and comparable information about companies' financial performance for better investment decisions.

1. Three defined categories for income and expenses—operating, investing and financing—to improve the structure of the income statement, and require all companies to provide new defined subtotals, including operating profit.

2. Requirement for companies to disclose explanations of management-defined performance measures (MPMs) that are related to the income statement.

3. Enhanced guidance on how to organise information and whether to provide it in the primary financial statements or in the notes.

This new standard is effective for reporting periods beginning on or after January 1, 2027.

(Unaudited - in Canadian Dollars)

5. Restriction on Use of Proceeds

The proceeds raised from the issuance of common shares in the capital of the Company (the "common shares") may only be used to identify and evaluate businesses or assets and to obtain shareholder approval for a proposed Qualifying Transaction, other than for reasonable general and administrative expenses of the Company which are limited to $3,000 per month. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange Policy 2.4.

6. Share Capital

a) Authorized and Issued

The Corporation is authorized to issue an unlimited number of Common Shares (as defined herein).

Issued and outstanding Common Shares	**Number**		**Amount**
Balance, December 31, 2022	**12,500,000**	**$**	**625,000**
Issuance of Common Shares – February 10, 2023	**4,500,000**	**$**	**450,000**
Balance, June 30, 2023 and December 31, 2023	**17,000,000**	**$**	**1,075,000**
Balance, June 30, 2024	**17,000,000**	**$**	**1,075,000**

The issued and outstanding founders' common shares of 12,500,000 are held in escrow as they are 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 (as defined in Exchange Policy 1.1 - Interpretation) (the "Initial Release") and an additional 25% will be released on the dates 6, 12, and 18 months following the Initial Release. All common shares acquired on the exercise of stock options granted to directors, officers, and non-employees prior to the completion of a Qualifying Transaction must also be deposited in escrow until the Final Exchange Bulletin is issued. Subject to certain exemptions permitted by the Exchange, all securities of the Company held by principals of the resulting issuer will also be escrowed.

b) Stock Options

The Company has adopted an incentive stock option plan in accordance with the policies of the Exchange (the "Stock Option Plan") for the benefit of directors and officers, and where permitted pursuant to Exchange policies, employees, and consultants of the Company. A maximum of ten percent (10%) of the issued and outstanding common shares of the Company upon completion of the initial public offering may be reserved for issuance pursuant to the exercise of stock options to be granted to directors and officers, and where permitted pursuant to Exchange policies employees and consultants, of the Company. In addition, subject to the policies of the Exchange, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) and for consultants and employees conducting investor relations activities shall not exceed two percent (2%) of the issued and outstanding common shares. The Stock Option Plan provides that the terms of the options and the option price shall be fixed by the directors, subject to the price restrictions and other requirements imposed by TSX Venture. Stock options granted under the Stock Option Plan may not be exercisable for a period longer than ten (10) years and the exercise price must be paid in full upon exercise of the option.

On February 10, 2023, directly following closing of the offering, the Corporation issued to its directors and officers an aggregate of 1,700,000 options to purchase 1,700,000 common shares in the capital of the Corporation at an exercise price of $0.10 per Common Share, expiring February 10, 2033.

(Unaudited - in Canadian Dollars)

The Corporation also issued an Agent's option to Canaccord Genuity to purchase 450,000 common shares in relation to the Offering at a price of $0.10 per Common Share, expiring February 10, 2028. Not more than 50% of the Common Shares received on the exercise of the Agent's Option may be sold by the Agent prior to the Completion of the Qualifying Transaction.

The below table outlines the issuance of options during the years:

	Number of Options		Weighted average exercise price
Balance, December 31, 2022	-	$	-
Issued	2,150,000	$	0.10
Balance, December 31, 2023 and June 30, 2024	2,150,000	$	0.10
Exercisable, June 30, 2024	**2,150,000**	**$**	**0.10**

The below table outlines the weighted average life of the options.

Options outstanding		Weighted average exercise price	Weighted average remaining term (years)	Options exercisable
1,700,000	$	0.10	8.61	1,700,000
450,000	$	0.10	3.61	450,000
2,150,000	**$**	**0.10**	**7.56**	**2,150,000**

The below table outlines the variables used in the valuation of the warrants and options by the Black Scholes model.

	February 10, 2023
Risk free interest rate (%)	3.38%-3.54%
Expected life (years)	5-10 years
Volatility rate (%)	100.00%
Dividend yield (%)	0.00%
Forfeiture rate (%)	0.00%

7. Income taxes

The income tax provision reported differs from the amount computed by applying the combined Canadian federal and provincial rate to income before income taxes. The reasons for the difference and the related tax effects are as follows:

		June 30, 2024		June 30, 2023
Loss before income taxes	**$**	**(22,619)**		(79,617)
Expected rate		**23%**		23%
Expected tax expense (recovery)		**(5,202)**		(18,312)
Tax effected adjustments				
Unused tax losses not recognized		**5,202**		18,312
Income tax expense	**$**	**-**	$	-

(Unaudited - in Canadian Dollars)

The financial statements do not reflect potential tax reductions available through the application of losses carried forward against future years' earnings otherwise subject to income taxes. These losses may be carried forward and expire as follows:

2041	$	**15,612**
2042	$	**26,735**
2043	$	**83,973**
2044	$	**22,619**

8. Financial instruments

The Corporation's financial instruments consist of cash, interest receivable and accounts payable and accrued liabilities.

Financial risk

The Corporation's activities are exposed to a variety of financial risks: credit risk and liquidity risk. The Corporation's overall risk management program focuses on the unpredictability of financial and economic markets (note 1) and seeks to minimize potential adverse effects on the Corporation's financial results. Risk management is carried out by financial management in conjunction with overall corporate governance.

Credit risk

Credit risk is the risk of loss associated with the counterparty's ability to fulfil its payment obligations. The Corporation is not susceptible to significant credit risk as cash is held at a major financial institution.

Liquidity risk

The Corporation's exposure to liquidity risk is dependent on purchasing commitments and obligations and the ability to raise funds to meet commitments and sustain operations. As at June 30, 2024, the Corporation has cash of $807,265 (December 31, 2023 - $839,314) to settle financial liabilities of $17,000 (December 31, 2023 - $21,333).

9. Net Income (Loss) per Share

The weighted average number of shares for the purpose of the net income (loss) per share calculations were as follows:

Weighted average number of shares outstanding	**June 30, 2024**	June 30, 2023
Basic	**17,000,000**	15,000,000
Diluted	**17,000,000**	15,000,000

10. Related Party Transactions and Key Management Compensation

The Corporation's key management personnel include Directors and Officers with the responsibility of planning, directing and controlling activities of the Corporation. The Corporation's management includes its CEO, CFO, directors and shareholders, who are also employees and controlling shareholders of a non-arm's length entity – Ninepoint Partners LP. For the six months ended June 30, 2024, the Corporation recorded an expense of $nil (2023 - $28,235) with respect to stock options provided to its key management personnel.

11. Capital Management

The Corporation's objective when managing capital is to maintain adequate cash resources to support planned activities which include identifying and evaluating potential acquisitions. The Corporation includes shareholders' equity of $801,453 (2023 - $844,523) in the definition of capital as at June 30, 2024.

In managing capital, the Corporation estimates its future cash requirements by preparing a budget. The budget establishes the activities for the upcoming year and estimates the costs associated with these activities.

The Corporation plans to raise capital through the issuance of additional common shares. There are no assurances that funds will be made available to the Corporation when required.

The Company is not subject to externally imposed capital requirements other than the restriction on the use of proceeds disclosed in Note 5.

12. Subsequent Event

The Corporation has signed a Letter of Intent with Matador Gold Technologies Inc. (“Matador”) dated August 8, 2024, detailing the proposed business combination and share consolidation for the purpose of constituting a Qualifying Transaction. The business combination would result in Matador becoming a wholly-owned subsidiary of the Corporation, and would entail a 1:1 exchange of Matador issued and outstanding common shares for common shares in the amalgamated entity. The currently issued and outstanding common shares of the Corporation would be reduced by a 2.5:1 ratio. The agreement would further result in a name change of the Corporation. The Letter of Intent is subject to a number of terms and conditions, which include shareholder and Exchange approval.