

Proton Capital Corp.
(A Capital Pool Company)
Condensed Interim Financial Statements
For the three and nine months ended September 30, 2022 and 2021
(expressed in Canadian dollars)

Proton Capital Corp.
Condensed Interim Statements of Financial Position

As at:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Assets		
Current		
Cash and cash equivalents <i>(Note 4)</i>	\$ 2,727,674	\$ 980,025
Deferred financing costs <i>(Note 5)</i>	-	20,500
Total assets	\$ 2,727,674	\$ 1,000,525
Liabilities		
Current		
Accounts payable and accruals	\$ 8,173	\$ 26,343
Shareholders' Equity		
Share capital <i>(Note 5)</i>	\$ 2,743,185	\$ 1,000,000
Contributed surplus	516,632	-
Deficit	(540,316)	(25,818)
Total shareholders' equity	\$ 2,719,501	\$ 974,182
Total liabilities and shareholders' equity	\$ 2,727,674	\$ 1,000,525

Approved on behalf of the Board of Directors

Signed "Kim Carroll"

Director

Signed "Alan Simpson"

Director

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

Proton Capital Corp.

Condensed Interim Statements of Income (Loss) and Comprehensive Income (Loss)
(Unaudited)

	<i>For the three months ended September 30 , 2022</i>	<i>For the three months ended September 30 , 2021</i>	<i>For the nine months ended September 30, 2022</i>	<i>For the nine months ended September 30, 2021</i>
Revenue				
Interest income	\$ 18,521	\$ 1	\$ 24,516	\$ 1
Total revenue	18,521	1	24,516	1
Expenses				
Professional fees (recovery)	\$ (2,184)	\$ 12,025	\$ 152,373	\$ 12,025
Share-based compensation (Note 5)	-	-	386,280	-
General and administrative	118	39	362	39
Total expenses	(2,066)	12,064	539,015	12,064
Income (Loss) and comprehensive Income (loss)	\$ 20,587	\$ (12,063)	\$ (514,498)	\$ (12,063)
Income (loss) per share				
Basic income (loss) per share	\$ 0.00	\$ 0.00	\$ (0.02)	\$ 0.00
Weighted average number of shares (Note 5)	40,000,000	12,000,000	30,036,630	12,000,000
Diluted income (loss) per share	\$ 0.00	\$ 0.00	\$ (0.02)	\$ 0.00
Weighted average number of shares (Note 5)	45,000,000	12,000,000	33,047,619	12,000,000

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

Proton Capital Corp.
Condensed Interim Statements of Changes in Shareholders' Equity
As at:

	Share Capital (\$)	Contributed Surplus (\$)	Deficit (\$)	Shareholders' Equity (\$)
Balance at December 31, 2021	1,000,000	-	(25,818)	974,182
Issuance of common shares <i>(Note 5)</i>	2,000,000	-	-	2,000,000
Share issuance costs – IPO <i>(Note 5)</i>	(126,463)	-	-	(126,463)
Issuance of agents warrants <i>(Note 5)</i>	(130,352)	130,352	-	-
Share based compensation <i>(Note 5)</i>	-	386,280	-	386,280
Net loss and comprehensive loss	-	-	(514,498)	(514,498)
As at September 30, 2022	2,743,185	516,632	(540,316)	2,719,501
Balance at September 1, 2021	-	-	-	-
Share issuance	600,000	-	-	600,000
Net loss and comprehensive loss	-	-	(12,063)	(12,063)
As at September 30, 2021	600,000	-	(12,063)	587,937

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

Proton Capital Corp.
Condensed Interim Statements of Cash Flows
For the nine months ended September 30,
(Unaudited)

	Note	2022	2021
Cash flows from operating activities:			
Operating activities			
Net loss		\$ (514,498)	\$ (12,063)
Deduct change in non-cash working capital items:			
Share based compensation	5	386,280	-
Accounts payable and accruals		(18,170)	32,525
Deferred financing charges		20,500	(20,500)
Cash flows used in operating activities		(125,888)	(37)
Cash flows from financing activities:			
Proceeds from share issuance	5	2,000,000	600,000
Share issuance costs	5	(126,463)	-
Cash flows provided by financing activities		1,873,537	600,000
Increase in cash		1,747,649	599,963
Cash and cash equivalents, beginning of period		980,025	-
Cash and cash equivalents, end of period		\$ 2,727,674	\$ 599,963

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

Proton Capital Corp.
Notes to the Condensed Interim Financial Statements
For the nine months ended September 30, 2022 and 2021
(unaudited)

1. Incorporation and operations

Proton Capital Corp. (the "Company") was incorporated on September 1, 2021 by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (Alberta). The Company is classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction under the Exchange rules.

The head office and registered office of the Company is located at 3603 Selinger Crescent, Regina, SK S4V 2H7.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing.

Pursuant to a final prospectus dated March 31, 2022, the Company completed an initial public offering ("IPO") of the Company's common shares ("Common Shares"). The IPO closed on May 16, 2022 with 20,000,000 Common Shares being issued at a price of \$0.10 per Common Share. The Company's Common Shares commenced trading on the Exchange on May 18, 2022 under the symbol PTN.

The novel coronavirus ("COVID-19") outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in significant economic uncertainty and governments worldwide are enacting emergency measures to contain 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 financial markets have experienced significant volatility and weakness as a consequence of this economic uncertainty. The duration and impact of the COVID-19 outbreak is unknown as this time, as is the effectiveness of interventions by governments and central banks. The full extent of the impact on the Company's future financial results is uncertain given the length and severity of these developments cannot be reliably estimated.

2. Basis of preparation

Statement of compliance

The condensed interim financial statements of the Company have been prepared in accordance 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") in effect for the fiscal period beginning January 1, 2022 and comply with IAS 34 "Interim Financial Reporting". These condensed interim financial statements do not include all of the information required of full annual financial statements and it is therefore recommended that these condensed interim financial statements be read in conjunction with the annual financial statements for the year ended December 31, 2021.

These condensed interim financial statements were authorized for issue in accordance with a resolution of the directors on November 8, 2022.

Basis of measurement

These financial statements were prepared on a going concern basis, under the historical cost convention.

Functional and presentation currency

These financial statements are stated in Canadian dollars which is the Company's functional currency and were prepared on a going concern basis, under the historical cost convention except for certain financial instruments that have been measured at fair value.

Proton Capital Corp.
Notes to the Condensed Interim Financial Statements
For the nine months ended September 30, 2022 and 2021
(unaudited)

2. Basis of preparation *(continued from previous page)*

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. These condensed interim financial statements have been prepared using the same judgments, estimates and assumptions as reported in the Company's December 31, 2021 audited annual financial statements.

3. Significant accounting policies

These condensed interim financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as the financial statements for the year ended December 31, 2021 and should be read in conjunction with those annual financial statements and the notes thereto.

4. Cash

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 prescribed costs of issuing common shares or 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.

5. Share capital

Authorized:

Unlimited number of common shares and preferred shares which are issuable in series.

Issued:

Common Shares

	Number of Shares	\$
Balance, December 31, 2021 (i)	20,000,000	1,000,000
Issued for cash at \$0.10 per share (ii)	20,000,000	2,000,000
Share issue cost (ii)		(256,815)
Balance, September 30, 2022	40,000,000	2,743,185

(i) All common shares issued will be held in escrow until completion of a Qualifying Transaction. 25% of these common shares will be released on the issuance of the Final Exchange Bulletin and an additional 25% will be released on each 6-month anniversary from the initial release.

(ii) On May 16, 2022, the Company completed its initial public offering ("IPO") of 20,000,000 Common Shares at a purchase price of \$0.10 per Common Share by way of prospectus for gross proceeds of 2,000,000 (the "Offering").

iA Private Wealth Inc. (the "Agent") acted as agent in connection with the Offering. The Agent received a cash commission equal to 7.5% of the gross proceeds of the Offering, a reduced commission of 4% for proceeds raised from purchasers on the President's List, a work fee, reimbursed for legal fees and issued warrants to purchase up to 2,000,000 Common Shares at an exercise price of \$0.10 per Common Share, exercisable until the 2 years from the date of the listing of the Common Shares on the Exchange May 16, 2022.

Proton Capital Corp.
Notes to the Condensed Interim Financial Statements
For the nine months ended September 30, 2022 and 2021
(unaudited)

5. Share Capital (continued)

Stock options

The Company has adopted an incentive stock option plan (the "Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers and technical consultants to the Company and Eligible Charitable Organizations, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares as at the date of grant of any such option, and that the exercise period does not exceed 10 years from the date of grant.

The number of Common Shares issuable to any individual director or officer will not exceed 5% of the issued and outstanding Common Shares of the Company as at the date of grant of such option. The number of Common Shares issuable at any given time to all technical consultants in aggregate will not exceed 2% of the issued and outstanding Common Shares of the Company as at the date of grant of such option.

A summary of the Company's stock option activity is as follows:

	Number of Options	Weighted Average Exercise price
Balance, December 31, 2021	-	-
Granted	4,000,000	\$0.10
Balance, September 30, 2022	4,000,000	\$0.10

During the nine months ended September 30, 2022, the fair value of the options granted was determined to be \$386,280 using the Black-Scholes option pricing model under the following assumptions: Risk-free interest rate 2.91%, expected life – 10 years; expected volatility 130% and expected dividends – nil.

A summary of the Company's warrant activity is as follows:

	Number of Warrants	Weighted Average Exercise price
Balance, December 31, 2021	-	-
Granted	2,000,000	\$0.10
Balance, September 30, 2022	2,000,000	\$0.10

All warrants are outstanding as of September 30, 2022. During the nine months ended September 30, 2022, the fair value of the warrants granted was determined to be \$130,352 using the Black-Scholes option pricing model under the following assumptions: Risk-free interest rate 2.64%, expected life – 2 years; expected volatility 130% and expected dividends – nil.

Loss per share

Basic per share amounts are calculated using the weighted average number of shares outstanding of 30,036,630 during the nine months ended September 30, 2022. Diluted per share amounts are calculated using the weighted average number of shares outstanding of 33,047,619 during the nine months ended September 30, 2022.

6. Capital disclosures

The Company's capital consists of shareholders' equity. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1.

The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Company's objectives when managing capital are:

- i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,
- ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Company is not subject to any externally or internally imposed capital requirements at period-end.

7. Financial instruments

The Company, as part of its operations, carries financial instruments consisting of cash and cash equivalents and accounts payable and accruals. It is management's opinion that the Company is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed.

Fair value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.
- Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
- Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The carrying amount of cash and cash equivalents and account payable and accruals approximates its fair value due to the short-term maturities of these items.

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 as its cash and cash equivalents is held in an account with a major Canadian financial institution.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2022, the Company had a cash and cash equivalents balance of \$2,727,674 (December 31, 2021 - \$980,025) to settle liabilities of \$8,173 (December 31, 2021 - \$26,343).

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. The Company has no market risks.

Proton Capital Corp.
Notes to the Condensed Interim Financial Statements
For the nine months ended September 30, 2022 and 2021
(unaudited)

8. Related party transactions

Key management personnel consist of officers and directors of the Company. No compensation was paid to key management personnel during the current period apart from the options issued to directors.

Transactions with related parties are incurred in the normal course of business and initially recorded at fair value. There are no related party transactions in this period.