Seven Oaks Capital Corp.
(A Capital Pool Company)

Financial Statements

For the period from the Date of Incorporation (February 19, 2021) to December 31, 2021

(In Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Seven Oaks Capital Corp.

Opinion

We have audited the financial statements of Seven Oaks Capital Corp. (the "Company"), which comprise the statement of financial position as at December 31, 2021 and the statement of loss and comprehensive loss, statement of changes in shareholders' equity and statement of cash flows for period from the date of incorporation on February 19, 2021 to December 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section on our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is John F. Cleveland-Iliffe.

Segal LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
March 11, 2022

Seven Oaks Capital Corp.
A Capital Pool Corporation

Statements of Financial Position
(Expressed in Canadian Dollars)
As at December 31

		2021
Assets		
Cash and cash equivalents	$	363,842
Prepaids, note 4		15,000
	$	378,842
Liabilities		
Accounts payable and accrued liabilities, note 6	$	73,000
Shareholders' Equity		
Share capital, Note 5	$	405,000
Cumulative Deficit		(99,158)
	$	345,842
	$	378,842

Subsequent Events (Note 10)

Approved by the Board **"Grant McLeod"** Director **(Signed)** **"Dexter John"** Director **(Signed)**

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

Statement of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

		Period from incorporation (February 19, 2021) – December 31, 2021
Expenses		
Professional fees	**$**	**73,542**
Stock Exchange and Transfer fees		**25,123**
Office		**493**
Net loss and comprehensive loss for the period		**(99,158)**
Net loss per share – basic and diluted	**$**	**(0.01)**
Weighted average shares outstanding – basic and diluted		**8,100,000**

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

Seven Oaks Capital Corp.
A Capital Pool Corporation

Statement of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

Period from incorporation (February 19, 2021) – December 31, 2021

	Number of Shares		Share Capital		Accumulated Deficit		Shareholders' Equity
Common shares issued, Note 5	8,100,000	$	405,000	$	-	$	405,000
Share issuance costs	-		-		-		-
Net loss for the period	-		-		(99,158)		(99,158)
Balance, December 31, 2021	**8,100,000**	**$**	**405,000**	**$**	**(99,158)**	**$**	**345,842**

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

Statement of Cash Flows
(Expressed in Canadian Dollars)

		Period from incorporation (February 19, 2021) – December 31, 2021
Cash provided by (used in)		
Operating		
Net loss for the period	$	(99,158)
Prepaids		(15,000)
Change in accounts payable and accrued liabilities		73,000
Cash used in operating activities	$	(41,158)
Financing		
Proceeds from issuance of shares		405,000
Cash provided by financing activities	$	405,000
Net change in cash	$	363,842
Cash, beginning of period		-
Cash, end of period	**$**	**363,842**

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

1. INCORPORATION AND NATURE OF BUSINESS

Seven Oaks Capital Corp. (the "Corporation") was incorporated under the Ontario Business Corporations Act on February 19, 2021 and is in the process of applying for status as a Capital Pool Company as defined in the Policy 2.4 of the TSX Venture Exchange (the “Exchange”) Corporate Finance Manual (the “Manual”). The principal business of the Corporation will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Corporation has not commenced commercial operations and has no assets other than cash held in trust. Given the nature of the activities, no separate segmented information is reported. The Corporation’s continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders’ approval.

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 for reasonable general and administrative expenses of the Corporation. These restrictions apply until completion of a QT by the Corporation as defined under the policies of the Exchange Policy 2.4.

The head office and the registered head office of the Corporation is located at 8 King Street East, Suite 1712, Toronto, Ontario, M5C 1B5.

On March 11, 2022 the Board of Directors approved the financial statements for the period from the date of incorporation (February 19, 2021) to December 31, 2021. The Corporation’s corporate and tax year-end is December 31.

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

Going concern

These financials statements were prepared on a going-concern basis of accounting, which assumes that the Corporation will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. The Corporation does not generate revenue from operations and incurred a net loss of $99,158 for the period ended December 31, 2021. However, the Corporation believes that its working capital balance as at December 31, 2021 will provide the Corporation with sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period. As the Corporation has no revenues, its ability to continue as a going concern is dependent on its ability to obtain additional financing and complete a Qualifying Transaction. The financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

2. BASIS OF PRESENTATION

Statement of Compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective December 31, 2021.

Basis of Measurement

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 except for certain financial instruments classified as fair value through profit or loss ("FVPTL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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 implemented the following classifications:

Cash held in trust is classified as assets at fair value and any period change in fair value is recorded in profit or loss.

Accrued liabilities are classified as other financial liabilities and measured at amortized cost using the effective interest rate method.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss.

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 or principal and interest on the principal outstanding are generally 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 changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition).

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

Cash held in trust is a level 1 financial instrument measured at fair value on the statement of financial position.

Income Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of operations and comprehensive income.

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to be recovered or settled. Deferred tax assets are recognized to the extent that realization of such benefits is probable.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Share Capital

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

Share-Based Payments

The Corporation has a stock option plan (the "Option Plan") which is discussed in note 5. The Corporation uses the fair value-based method of accounting for share-based payment arrangements. The fair value of each option granted to directors, officers, consultants and employees is accounted for in operations over the vesting period of the option using the Black-Scholes option pricing model at the date of grant, with the related increase to contributed surplus. Upon exercise of the stock options, the consideration paid, together with the amount previously recognized in contributed surplus, is recorded as an increase in share capital. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

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. All of the Company's outstanding stock options and warrants were anti-dilutive forthe periods ended December 31, 2021.

Use of Estimates, assumptions and judgements

The preparation of financial statements in conformity with IFRS requires the Corporation'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 will require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

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.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Use of Estimates, Assumptions and Judgements (continued)

Income, value added, withholding and other taxes

The Corporation is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Corporation's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Corporation recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Corporation's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Corporation's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

4. PREPAIDS

Prepaid expenses as at December 31, 2021 consisted entirely of a deposit with Canaccord Genuity Corp. for fees relating to raising capital as part of the Initial Public Offering (IPO).

5. SHARE CAPITAL

	Number of Shares	Share Capital
Common shares issued	8,100,000	$ 405,000
Share issuance costs	-	-
Balance, December 31, 2021	**8,100,000**	**$ 405,000**

Escrowed Shares

During the period ended December 31, 2021, the Corporation issued 8,100,000 common shares at $0.05 per share for gross proceeds of $405,000.

Shares subject to escrow after completion of the IPO

After completing the IPO, all issued and outstanding seed shares will be held in escrow pursuant to the requirements of the Exchange to be released as to 10% thereof on completion of the Corporation's Qualifying Transaction, as defined in the policies of the Exchange, and as to 15% thereof on each of the 6th, 12th, 18th, 24th, 30th and 36th months following the initial release, pursuant to the terms of an Escrow Agreement dated as of December 14, 2021 between the Corporation, TSX Trust Company, and the shareholders of the Corporation.

Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be escrowed.

All common shares acquired on exercise of stock options granted to directors and officers prior to completion of a Qualifying Transaction must also be deposited and held in escrow pursuant to the requirements of the Exchange.

(Expressed in Canadian Dollars)

SHARE CAPITAL – CONTINUED

All common shares of the Corporation acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited and held in escrow.

The 8,100,000 issued and outstanding common shares will be held in escrow pursuant to the requirements of the Exchange.

Stock Options

The Company awards stock options to directors and officers under an incentive stock option plan. The number of options that may be granted is limited to 10% of the total number of issued and outstanding common shares of the Company.

Stock options may be granted for a maximum term of five years from the date of the grant. They are non-transferable and are exercisable as determined by the Directors when the option is granted. Options expire within 12 months of termination of employment or holding office as director or officer of the Corporation and, in the case of death, expire within a maximum period of one year after such death, subject to the expiry date of the option.

Any shares issued upon exercise of the options prior to the Corporation entering into a Qualifying Transaction will be subject to escrow restrictions.

The Option Plan was approved by the Board of Directors and adopted by the Company on September 22, 2021.

On July 30, 2021, 300,000 stock options were granted to three directors and one officer of the company, at a price of $.10 per share. The stock options have an expiry date of five years from the date of grant.

On November 12, 2021, 50,000 stock options were granted to a director of the company, at a price of $.10 per share. The stock options have an expiry date of five years from the date of grant.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Corporation's accounts payable and accrued liabilities as at December 31, 2021 totaling $73,000 consisted entirely of professional expense accruals related to professional accountant audit fees and legal fees.

7. INCOME TAXES

Provision for income taxes

Major items causing the Corporation's income tax rate to differ from the federal statutory rate of 26.5% were as follows:

	Period Ended December 31, 2021
Loss before income taxes	**$** (99,158)
Expected income tax recovery based on statutory rate	26,300
Tax benefit not recognized	(26,300)
Deferred income tax expense	**$ -**

INCOME TAXES – CONTINUED

Deferred income tax balances

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Corporation can use the benefits. The Corporation has approximately $100,000 of non-capital losses in Canada, which, under certain circumstances, can be used to reduce the taxable income of future years. These losses expire in 2041.

8. MANAGEMENT OF CAPITAL

The Corporation'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 Corporation includes equity, comprised of share capital and accumulated deficit, in the definition of capital.

The Corporation'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 Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

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 for reasonable general and administrative expenses of the Corporation. These restrictions apply until completion of a QT by the Corporation as defined under the policies of the Exchange Policy 2.4.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Corporation's activities may expose it to a variety of financial risks: fair values, credit risk, liquidity risk and market risk (including interest rate risk). The Board of Directors provides regular guidance for overall risk management.

<u>Fair values</u>
As at December 31, 2021, the Corporation’s financial instruments consist of cash and cash equivalents 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 Corporation 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 Corporation does not participate in the use of financial instruments to mitigate these risks. The Board approves the risk management processes. The Board’s main objectives for managing risks are to ensure liquidity, the fulfillment of obligations, the completion of the IPO, the Corporation’s search for a Qualifying Transaction, and limit exposure to credit and market risks.

<u>Credit risk</u>
Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its obligations. The Corporation is exposed to credit risk through its cash balance which is held with the Corporation’s lawyers in trust. The Corporation believes its exposure to credit risk is not significant. 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 Corporation’s financial instruments bear interest. Therefore, management believes the Corporation has no significant exposure to interest rate risk through its financial instruments as at December 31, 2021.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - CONTINUED

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 Corporation's financial instruments bear interest. Therefore, management believes the Corporation has no significant exposure to interest rate risk through its financial instruments as at December 31, 2021.

Liquidity risk
Liquidity risk is the risk that the Corporation will not be able to meet its obligations associated with financial liabilities. The Corporation has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements. The Corporation coordinates this planning and budgeting process with its financing activities through the capital management process described in note 8, in normal circumstances.

10. SUBSEQUENT EVENTS

Filing of Prospectus and Initial Public Offering

The Corporation filed a prospectus on December 14, 2021 to offer to sell and issue 2,500,000 Common Shares of the Corporation (the "Offering") at a price of $0.10 per Common Share (the "Offering Price") for total gross proceeds to the Corporation of $250,000.

Subsequent to this filing, the Corporation filed an amended and restated prospectus on March 11, 2022 to offer to sell and issue 3,500,000 Common Shares of the Corporation (the "Offering") at a priceof $0.10 per Common Share (the "Offering Price") for total gross proceeds to the Corporation of $350,000.

The Corporation has entered into an agreement with Canaccord Genuity Corp. (the "Agent") to raise gross proceeds of $350,000 in connection with Offering. The Corporation will pay a commission of 10% of gross proceeds to the Agent and will grant the Agent the option to purchase common shares equal to10% of the total number of Common Shares sold as part of the Offering at an exercise price of $0.10 per share for a period ending sixty months from the date the Offering is completed. The Corporation is also required to pay an administration fee and will reimburse the Agent for legal fees and other reasonable expenses incurred pursuant to the Offering.