The BC Bud Corporation

Condensed Consolidated Interim Financial Statements
(Unaudited)

For the nine months ended November 30, 2024 and 2023
(Expressed in Canadian Dollars)

Notice to Reader: No Auditor Review of Condensed Consolidated Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

The BC Bud Corporation
Condensed Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	Notes		November 30, 2024		February 29, 2024
Assets					
Current assets					
Cash and cash equivalents	**3**	$	468,766	$	4,202
Accounts receivable			56,885		-
Prepaid expenses			20,632		12,015
Other receivable			68,928		94,581
Inventory	**4**		321,195		487,253
			936,406		598,051
Machinery and equipment	**5**		21,719		32,008
Intangible assets	**6**		2,007		2,007
		$	960,132	$	632,066
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	**7, 12**	$	156,412	$	396,650
Loan payable	**7**		343,057		229,355
			499,469		626,005
Shareholders' equity					
Share capital	**8**		5,928,350		4,965,825
Reserves	**8**		594,325		594,325
Deficit			(6,062,012)		(5,554,089)
			460,663		6,061
		$	960,132	$	632,066

Nature of operations and going concern (Note 1)
Subsequent events (Note 15)

On behalf of the Board:

"Brayden Sutton" — Director

"Joshua Taylor" — Director

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

The BC Bud Corporation
Condensed Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

	Notes	Three Months Ended November 30 2024	Three Months Ended November 30 2023	Six Months Ended November 30 2024	Six Months Ended November 30 2023
Revenue		37,232	74,939	80,037	534,731
Cost of sales	12	(48,519)	(259,241)	(132,288)	(587,322)
Amortization and Depreciation	5	(3,430)	(3,430)	(10,289)	(10,289)
Gross margin		(14,717)	(187,732)	(62,540)	(62,880)
Operating expenses					
Accretion expense	7,9	4,589	4,347	13,702	9,475
Advertising and promotion		-	(6,906)	1,390	105,399
Bad debts (recovery)	12	-	-	(38,824)	-
Consulting fees	9	71,500	85,347	186,726	208,767
Share-based compensation	9	-	3,910	-	43,302
Office and administration		2,689	(9,901)	27,577	11,770
Professional fees		16,182	65,035	122,157	214,906
Regulatory and transfer agent fees		19,472	9,393	43,454	20,801
Supplies		-	142	877	142
Trademark registration		-	16,500	(247)	19,500
Interest		-	-	-	440
		114,432	167,867	356,812	634,502
Net operating loss		(129,149)	(355,599)	(419,352)	(697,382)
Other expenses (income)					
Loss (gain) on debt settlement	12	-	-	(28,052)	-
Inventory write-down (recovery)	4	-	-	116,388	-
Foreign exchange		224	-	235	577
		224	-	88,571	577
Net loss for the period		$(129,373)	$(355,599)	$(507,923)	$(697,959)
Basic and diluted loss per common share		$ (0.00)	$ (0.01)	$ (0.01)	$ (0.01)
Weighted average shares outstanding		102,403,204	56,117,232	75,029,891	54,404,117

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

The BC Bud Corporation
Condensed Consolidated Statements of Changes in Shareholders' Equity
(Unaudited - Expressed in Canadian Dollars)

	Share Capital		Reserves				
	Number Outstanding	Amount $	Stock Options $	Restricted Stock Units $	Other $	Deficit $	Total $
Balance, February 28, 2023	53,470,565	4,919,204	193,345	69,715	90,395	(4,009,345)	1,263,314
Share issued for private placement	2,646,667	125,141	-	-	73,359	-	198,500
Share issued for compensation	-	-	14,580	28,722	-	-	43,302
Restricted share units vested	393,750	82,688		(82,688)	-		
Net loss for the period	-	-	-	-	-	(697,959)	(697,959)
Balance, November 30, 2023	56,510,982	5,127,033	207,925	15,749	163,754	(4,707,304)	807,157
Balance, February 29, 2024	56,510,982	4,965,825	-	-	594,325	(5,554,089)	6,061
Share issued for private placement	45,000,000	775,000	-	-	-	-	775,000
Share issuance costs	-	(975)	-	-	-	-	(975)
Share issued for services	1,400,000	38,500	-	-	-	-	38,500
Shares issued on warrant exercises	3,000,000	150,000	-	-	-	-	150,000
Net loss for the period	-	-	-	-	-	(507,923)	(507,923)
Balance, November 30, 2024	105,910,982	5,928,350	-	-	594,325	(6,062,012)	460,663

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

The BC Bud Corporation

Condensed Consolidated Statements of Cash Flow
(Unaudited – expressed in Canadian Dollars)
For the nine months ending November 30, 2024 and 2023

	Nine Months Ended November 30	
	2024	**2023**
Operating activities		
Net loss for the period	(507,923)	(697,959)
Items not involving cash:		
Accretion expense	13,702	9,915
Amortization and depreciation	10,289	10,289
Shares issued for services	38,500	-
Inventory write-down	116,388	-
Bad debt recovery	(38,824)	-
Share-based compensation	-	43,302
Change in working capital:		
Accounts receivable	(18,061)	(248,592)
Other receivable	25,653	(4,207)
Prepaid expenses	(8,617)	(27,317)
Advances	-	391,630
Inventory	49,670	(308,003)
Accounts payable and accrued liabilities	(240,238)	262,986
Cash used in operating activities	(559,461)	(567,956)
Financing activities		
Proceeds from issuance of common shares	774,025	198,500
Proceeds from exercise of warrants	150,000	-
Proceeds from loans payable	100,000	110,000
Cash provided by financing activities	1,024,025	308,500
Change in cash and cash equivalents	464,564	(259,456)
Cash and cash equivalents – beginning of period	4,202	311,314
Cash and cash equivalents – end of period	468,766	51,858

Supplemental cash flow disclosure (Note 13)

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

1. Nature of operations and going concern

The BC Bud Corporation (the "Company") was incorporated under the laws of Alberta and was continued into British Columbia during the year ended December 31, 2000. On March 31, 2020, the Company changed its name from Waterfront Capital Corporation to Entheos Capital Corp. On September 29, 2021, the Entheos Capital Corp. completed a reverse takeover transaction with The BC Bud Corporation and changed its name to The BC Bud Corporation. The BC Bud Corporation is listed on the Canadian Securities Exchange ("CSE") under the symbol "BCBC". The Company's registered office is located at 830 – 999 W Broadway, Vancouver, British Columbia, V5Z 1K5.

The Company is developing recreational cannabis products and brands in the cannabis industry through licensing, white label contract manufacturing agreements with licensed producers within their facilities under the Cannabis Act selling to provincial distributors and marketing to retailers. The Company is not a licensed producer. The Company's active offerings in branded products will include The BC Bud Co flower, infused and vape products, edibles under the brand 'Canna Beans' and "Canna Almonds", concentrates sold as 'Solventless Solutions', and select lifestyle apparel.

The Company is a house of brands that aligns with and relies on licensed cannabis processors and producers to contract manufacture a variety of cannabis products in different product categories. The processors and producers are licensed under the Cannabis Act, Bill C-45, (together with the regulations made thereunder from time to time, the "Cannabis Act"). Through their partnership agreements with licensed manufacturers and distributors, the Company will bring to market specialized flowers, concentrates and edibles.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these condensed consolidated interim financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The Company reported a loss of $507,923 for the nine months ended November 30, 2024 (2023 – $697,959) and had an accumulated deficit of $6,062,012 as at November 30, 2024 (February 29, 2024 $5,554,089) and working capital of $436,937 at November 30, 2024 (February 29, 2024 – deficit of $27,954). The Company's ability to continue as a going concern is dependent upon its ability to achieve profitable operations. The achievement of profitable operations is dependent on the demand of its manufactured products by the retailers and maintain in good standing with provincial distributor requirements. The outcome of these matters cannot be predicted at this time. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

2. Basis of Preparation

Statement of compliance

These condensed interim financial statements are unaudited and have been prepared in accordance with IAS 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company's annual financial statements for the year ended February 29, 2024.

The Board of Directors approved the condensed consolidated interim financial statements for issue on January 28, 2025.

3. Material Accounting Policy Information

Basis of measurement

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out in Note 3 have been applied consistently by the Company in all years presented.

Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its subsidiary. The Company controls its subsidiaries when it is exposed to, or it has rights to variable returns from its involvement with its subsidiaries and has the ability to affect those returns through its power over the subsidiaries. Changes in the Company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

Name	Jurisdiction of Incorporation	Percentage Owned
The BC Bud Holdings Corp.	British Columbia, Canada	100%

All material intercompany balances and transactions have been eliminated upon consolidation.

Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's and its subsidiary's functional currency. All financial information is expressed in Canadian dollars unless otherwise stated and have been rounded to the nearest dollar.

3. Material Accounting Policy Information

Critical accounting estimates and judgements

The preparation of condensed consolidated interim financial statements in conformity with IFRS Accounting Standard requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. It is reasonably possible that circumstances may arise that would cause actual results to differ from management estimates; however, management does not believe it is likely that such differences will materially affect the Company's financial position. A significant area requiring the use of management estimates and judgments is the impairment of accounts receivable and the estimate of the revenues to be recognized given the return rights of the products of the provincial bodies.

The key areas of judgment applied in the preparation of the condensed consolidated interim financial statements that could result in a material adjustment to the amounts reported in the condensed consolidated interim financial statements include:

Revenue

Revenue from contracts with customers is recognized by following the five-step process defined under IFRS 15 (refer to accounting policy). The payment terms over revenue contracts are subject to sell through as the evolution of government reach due to outstanding unpaid excise taxes in the industry and collectability is also reliant on whether the government/CRA garnishes funds due to delinquent manufacturers. This impacts the estimate of revenues to be recognized as returns.

Use of judgments and estimates

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key areas of judgment applied in the preparation of the condensed consolidated interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities is as follows:

3. Material Accounting Policy Information (continued)

Revenue

Revenue from contracts with customers is recognized by following the five-step process defined under IFRS 15 (refer to accounting policy). The payment terms over revenue contracts are subject to sell through as the evolution of government reach due to outstanding unpaid excise taxes in the industry and collectability is also reliant on whether the government/CRA garnishes funds due to delinquent manufacturer. This impacts the estimate of revenues to be recognized as returns.

Financial instruments

Financial assets

The Company classifies its financial assets as fair value through profit or loss or amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss ("FVPL") are initially recognized at fair value with changes in fair value recorded in profit or loss. At November 30, 2024 and February 29, 2024 the Company had no FVPL assets.

Amortized cost

Financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not classified or designated as fair value through profit and loss: 1) the Company's objective for these financial assets is to collect their contractual cash flows and 2) the asset's contractual cash flows solely represent payments of principal and interest. Cash, and cash equivalent, accounts receivable and other receivables are classified as amortized cost.

Financial liabilities

Financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and loans payable.

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows:

3. Material Accounting Policy Information (continued)

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 – Inputs for the asset or liability that are not based on observable market data.

Impairment of financial assets
An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 *Financial Instruments* requires additional disclosure requirements about expected credit losses and credit risk.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Cash
Cash consists of cash on hand, balances with banks and short-term investments with an original maturity date of three months or less.

Accounts receivable
Accounts receivable are amounts due from franchisees and distributors for the sale of goods and services performed in the ordinary course of business. These amounts are classified as current because the collection is expected in one year or less. Accounts receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less a provision for impairment.

Inventory
Inventory consists of finished goods, packaging, bulk concentrates, pre-rolls and whole flower. Inventory is recorded at the lower of cost and net realizable value. Cost is determined by using the weighted average cost method and includes the cost of provisions to the customer. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses.

All inventories are reviewed each reporting period for impairment due to slow-moving and obsolete inventory. Provisions for obsolete, slow-moving or defective inventories are recognized in profit or loss and referred to as return to vendor (RTV).

Machinery and equipment
Machinery and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recorded using the straight-line depreciation method and is intended to depreciate the costs of assets over their estimated useful life of 5 years.

3. Material Accounting Policy Information (continued)

Intangible assets

The Company's intangible assets consist of the purchase price of trademarks and website development. The intangible assets are recorded at cost. The Company's trademarks are not yet ready for its intended use as of November 30, 2024, and hence no amortization was recognized during the current period.

Revenue

Revenue from contracts with customers is recognized by following the five-step process defined under IFRS 15:

1. Identify the contract with a customer: A contract is an agreement between the Company and a Licensed Producer (LP) that creates enforceable rights and obligations. Key characteristics of a contract include:
    - Approval: Both the company and the LP have approved the contract and are committed to fulfilling their respective obligations.
    - Payment Terms: Payment terms are established and can include fixed or variable consideration.
    - Commercial Substance: The contract has a commercial substance, meaning it affects the Company's cash flow.
    - Collectability: It is probable that the company will collect the consideration to which it is entitled under the contract.

Payment terms are subject to sell through as the evolution of government reach due to outstanding unpaid excise taxes in the industry and collectability is also reliant on whether the government/CRA garnishes funds due to delinquent manufacturer. This impacts the estimate of revenues to be recognized as returns.

2. Identify the Performance Obligations in the Contract: Performance obligations are distinct promises to transfer goods or services to the customer. In the context of cannabis contracts with the LPs common performance obligations may include:
    - Production of cannabis: The Company's obligation to produce cannabis according to specified quality standards, and
    - Sale of cannabis products and final product creation: The Company's obligation to transfer control of the cannabis products to the LP.

3. Determine the Transaction Price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services. For cannabis contracts, transaction price determination involves the following consideration:

3. Material Accounting Policy Information (continued)

Fixed and variable consideration: The base selling price of the cannabis product to the LP include fixed amounts, however, there is a significant return rights due to quality or regulatory compliance issues, the Company estimates the expected returns using the expected value method.

4. Allocate the Transaction Price to Performance Obligations: Once the transaction price is determined, it is allocated to each performance obligation based on the standalone selling prices of the goods or services. The Company has determined that it has one performance obligation with a significant return right that is estimated reducing the transaction value and recognizing revenues that is highly probable of not being reversed. At the nine months ended November 30, 2024, and the year ended February 29, 2024, there were no refund liabilities, revenues were recorded net of returns.

5. Recognize Revenue When the Performance Obligations Are Satisfied: This occurs at a point in time when the goods are transferred to the Provincial purchaser and distributor

Research and development expenditures
Distinguishing the research and development phases of a technology or product and determining whether the recognition requirements for the capitalization of development costs are met requires judgment. After capitalization, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalized costs may be impaired. No research and development costs were capitalized during the nine months ended November 30, 2024 or 2023.

Impairment of long-lived assets
At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such an indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. Indefinite life intangible assets are tested annually, or more frequently, if events or changes indicate that the asset may be impaired. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

3. Material Accounting Policy Information (continued)

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Share capital
Instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of financial liability or financial asset. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Warrants issued by the Company typically accompany an issuance of shares in the Company (a "unit") and entitle the warrant holder to exercise the warrants for a stated price and a stated number of common shares in the Company. The fair value of units issued is measured using the fair value approach, with the allocation of proceeds first to the common shares based on the fair value of the common shares on the date of issuance on the remainder to warrants.

Share-based compensation
The Company has a stock option plan and long-term equity incentive plan that are described in Note 8. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to reserve.

Consideration received on the exercise of stock options or restricted stock units is recorded as share capital and the related reserve is transferred to share capital. For those unexercised stock options and warrants that expire unexercised, the recorded value is reclassified from reserves to deficit.

Segmented Information
The Company's operations comprise a single reporting segment, being partnership agreements with cannabis producers. As the operations comprise a single reporting segment, amounts disclosed in the condensed consolidated interim financial statements for expenses and loss for the period also represent segmented amounts. All of the Company's operations and assets are in Canada.

(Unaudited – expressed in Canadian Dollars)

3. Material Accounting Policy Information (continued)

Loss per share

The Company calculates basic (loss) earnings per share by dividing net (loss) income by the weighted average number of common shares outstanding during the period. Diluted (loss) earnings per share is determined by adjusting profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares, which comprise, RSUs, warrants and share options issued.

Income taxes

The Company uses the deferred method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is possible that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4. Inventory

Inventory is comprised of the following:

	November 30, 2024	February 29, 2024
Raw materials – packaging	$ 15,100	$ 85,714
Products	306,095	401,539
	321,195	487,253

During the nine months ended November 30, 2024, the Company expensed inventory of $ 111,781 (2023 - $587,322) as cost of sales. The Company also wrote off inventory for $116,388 (2023 - $nil), this was a result in count and cost adjustments when assessing the net realizable value of inventory.

(Unaudited – expressed in Canadian Dollars)

5. Machinery and Equipment

Cost		
Balance, February 28, 2023 and 2024	$	68,591
Additions		-
Balance, November 30, 2024	**$**	**68,591**

Accumulated Depreciation		
Balance, February 28, 2023	$	22,864
Depreciation		13,719
Balance, February 28, 2024		36,583
Depreciation		10,289
Balance, November 30, 2024	**$**	**46,872**

Net book value, February 28, 2024	**$**	**32,008**
Net book value, November 30, 2024	**$**	**21,719**

6. Intangible Assets

Cost	**Website Development**		**Trademarks**		**Total**	
Balance, February 29, 2024	**$**	**8,500**	**$**	**2,007**	**$**	**10,507**
Additions		-		-		-
Balance, November 30, 2024	**$**	**8,500**	**$**	**2,007**	**$**	**10,507**

Accumulated Amortization						
Balance, February 29, 2024	$	8,500	$	-	$	8,500
Additions		-		-		-
Balance, November 30, 2024	**$**	**8,500**	**$**	**-**	**$**	**8,500**

Net book value, February 29, 2024	**$**	**-**	**$**	**2,007**	**$**	**2,007**
Net book value, November 30, 2024	**$**	**-**	**$**	**2,007**	**$**	**2,007**

On February 5, 2021, the Company entered an asset assignment and assumption agreement, under which trademarks were assigned to the Company by a shareholder of the Company for consideration of 10,000,000 common shares.

Trademarks consist of the following trademarks: “The BC Bud Co.”, “Canna Beans”, “Solventless Solutions”, “Not an LP”, “Canna Almonds”, and “Canna Berries”. The trademarks include all rights to and content of the domain names, social media names, all literature and social media sites, branding and design material associated with the trademarks. These trademarks are being used in trade however not yet approved by the Canadian Intellectual Property Office and not enforceable to date.

7. Loan Payable

On January 20, 2021, the Company received a loan of $100,000 from Sutton Ventures Ltd., a significant shareholder of the Company. The loan is secured by all present and future acquired property of the Company and is payable on the earlier of:

a) January 15, 2023; or
b) The occurrence of an event of default.

No interest will accrue on the outstanding balance, unless an event of default occurs, in which case interest will be deemed to have accrued on the outstanding balance from the date of advancement at a rate of 8.0% per annum, compounded annually, and will be payable at maturity. The loan is recorded at fair value on initial recognition, which was determined to be $84,642 using a discount rate of 8.5%, resulting in a total discount of $15,358. As the loan was provided by a shareholder of the Company, the discount was recorded as an equity contribution.

Additionally, on June 19, 2023, the Company entered into an amending agreement with Sutton Ventures Ltd. to increase the amount of the secured loan from $100,000 to $150,000. During the nine months ended November 30, 2024, accretion and interest expense of $9,982 (2023 - $8,248) was recorded in the condensed consolidated statements of loss and comprehensive loss. As of November 30, 2024, the Company is in default of the loan, which is now payable on demand.

On August 4, 2023, the Company received a loan of $60,000 from Cybin Therapeutics Inc. Cybin Therapeutics Inc is a private entity in which both Brayden Sutton, CEO and director, and Josh Taylor, president and director, are controlling shareholders. The loan bears interest at a rate of 8 percent per annum, payable upon maturity. The loan is secured by all present and future acquired property of the Company and is payable on the earlier of:

a) July 30, 2024; or
b) The occurrence of an event of default.

During the nine months ended November 30, 2024, accretion expense of $3,720 (2023 - $1,667) was recorded in the condensed consolidated interim statements of loss and comprehensive loss. As of November 30, 2024, the Company is in default of the loan, which is now payable on demand.

On December 8, 2023, the Company received a loan amounting to $4,750 from TJT Ventures Ltd., a private entity controlled by Josh Taylor, president and director, for working capital purposes. This loan is due on demand and bears no interest.

On August 22, 2024, the Company received a loan amounting to $50,000 from Sutton Ventures Ltd., a private entity controlled by Brayden Sutton, CEO and director, for working capital purposes. This loan is due on demand and bears no interest.

8. Share Capital

Authorized share capital

The authorized capital of the Company consists of unlimited common shares without par value.

Share issuances

During the nine months ended November 30, 2024, the Company had the following share capital transactions:

- On November 20, 2024, the Company issued 25,000,000 units for proceeds of $375,000 at a price of $0.015 per unit. Each unit comprised of one common share and one share purchase warrant which entitles the holder to acquire an additional common share at a price of $0.10 per share until November 20, 2026. A value of $nil was assigned to these warrants, calculated using the residual value method.

- On November 7, 2024, the Company issued 900,000 common shares as compensation to certain directors and consultants. The fair value of the common shares on the issuance date was $13,750, or $0.015 per common share.

- On April 12, 2024, the Company issued 20,000,000 units for proceeds of $400,000 through the sale at a price of $0.05 per unit. Each unit comprised one common share and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of $0.05 per share until April 12, 2026. A value of $nil was assigned to these warrants, calculated using the residual value method.

- On March 1, 2024, the Company issued 500,000 common shares issued as compensation to Stock Ventures Inc. for advisory services. The shares were issued at a deemed price of $0.05 per share for a total consideration of $25,000.

During the year ended February 29, 2024, the Company had the following share capital transactions:

- On August 25, 2023, the Company issued 2,646,667 units at a price of $0.075 per unit for total proceeds of $198,500. Each unit comprised one common share and one share purchase warrant which entitles the holder to purchase a further common share at a price of $0.15 per share for a three-year period.

Stock options

The Company has a stock option plan, last approved on July 29, 2021, which reserves an aggregate number of securities for issuance up to 10% of the number of the outstanding common shares. Under the stock option plan, stock options can be granted for a maximum term of ten years. Further, the exercise price shall not be less than the price of the Company's common shares on the date preceding the date of grant.

(Unaudited – expressed in Canadian Dollars)

8. Share Capital (continued)

Stock option transactions are summarized as follows:

Stock Options	Number of Options	Weighted Average Exercise Price
Balance outstanding and exercisable – February 29, 2024	1,990,000	$ 0.16
Forfeited	(1,040,000)	(0.19)
Balance outstanding and exercisable – November 30, 2024	950,000	0.13

Stock options outstanding as at November 30, 2024:

Expiry Date	Number of Options	Weighted Average Exercise Price
December 14, 2026	250,000	$ 0.20
February 3, 2028	700,000	$ 0.10

The Company recognized share-based payments expense of $Nil for options granted and vested during the nine months ended November 30, 2024 (2023 - $14,580).

Share-based payments expense is estimated using the following assumptions. The expected volatility assumption is based on comparable volatility of the Company's common share price on the CSE. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life. The Company uses historical data to estimate option exercise, forfeiture, and employee termination within the valuation model. The Company has not paid and does not anticipate paying dividends on its common shares.

Nine months ended November 30,	2024	2023
Risk-free interest rate	-	3.19%
Expected life of options	-	5 years
Expected annualized volatility	-	78.24%
Dividend rate	-	-
Forfeiture rate	-	-

(Unaudited – expressed in Canadian Dollars)

8. Share Capital (continued)

Restricted share units ("RSUs")

During the nine months ended November 30, 2024, the Company issued no common shares upon vesting (2023 – $Nil). The vesting conditions were time-based vesting conditions with various maturities (minimum of one year). As the performance conditions of the RSU granted were not market-related, the fair value per RSU used to calculate compensation expense for the RSU granted is determined to be $0.25, equal to the market price on the date of grant.

During the nine months ended November 30, 2024, no RSUs (2023 – 393,750) vested and $Nil (2023 - $82,688) was transferred from Contributed Surplus.

Restricted Share Units	Number of RSUs
Unvested balance – February 28, 2023	393,750
Vested and issued as common shares	(393,750)
Balance outstanding and exercisable – February 29, 2024 and November 30, 2024	-

The Company recognized share-based payment expense of $Nil for RSUs accrued during nine months ended November 30, 2024 (2023 - $24,812).

Escrow shares

As at November 30, 2024, there were no common shares held in escrow (February 29, 2024 – 8,807,500). On September 30, 2021, 10% of the securities were released on closing of the transaction and the remaining balance was released in six equal tranches of 15% every six months thereafter. As of September 30, 2024, all shares have been released from escrow.

(Unaudited – expressed in Canadian Dollars)

8. Share Capital (continued)

Warrants

Warrant transactions are summarized as follows:

Warrants	Number of Warrants	Weighted Average Exercise Price
Balance at February 29, 2024	9,446,667	0.15
Granted	45,000,000	0.08
Exercised	(3,000,000)	0.05
Balance outstanding and exercisable at November 30, 2024	51,446,667	0.09

Warrants outstanding as at November 30, 2024:

Expiry Date	Number of Warrants	Weighted Average Exercise Price
February 2, 2025	6,800,000	0.15
April 12, 2026	17,000,000	0.05
August 4, 2026	700,000	0.15
August 25, 2026	1,946,667	0.15
November 20, 2026	25,000,000	0.10

9. Related Party Transactions

Related parties include the directors, corporate officers, key management personnel, significant shareholders and enterprises that are controlled by these. This includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole and its subsidiaries.

As at November 30, 2024 the Company had $28,171 (February 29, 2024 - $251,073) due to related parties included in accounts payable and accrued liabilities. These amounts are non-interest bearing and due on demand.

During the nine months ended November 30, 2024, the Company paid $27,500 to Zeus Capital Ltd., the employer of the former CFO and Corporate Secretary. (2023 - $67,500).

(Unaudited – expressed in Canadian Dollars)

9. Related Party Transactions (continued)

During the nine months ended November 30, 2024 and 2023, the Company expensed the following amounts towards related parties:

Consulting fees		**Nine months ended**		
		November 30, 2024		**November 30, 2023**
TJT Ventures Ltd. (Management)	$	45,000	$	60,000
Brayden Sutton (CEO and Director)		50,000		60,000
Lachlan McLeod (CFO and Corporate Secretary)		6,760		-
Brian Taylor (Former Director)		3,600		-
Justin Chorbajian (Former Director)		3,600		-
Sean Flynn (Chief Commercial Officer)		50,000		-
	$	158,960	$	120,000

RSUs vested (Note 8)		**Nine months ended**		
		November 30, 2024		**November 30, 2023**
Dayna Lange (former Director)	$	-	$	20,672
Brian Taylor (Director)		-		20,672
Justin Chorbajian (Director)		-		20,672
	$	-	$	62,016

Share-based compensation	**Nine months ended**		
	November 30, 2024		**November 30, 2023**
Dayna Lange (former Director)	-	$	9,574
Brian Taylor (Director)	-		9,574
Justin Chorbajian (Director)	-		9,574
	-	$	28,722

Rent expense		**Nine months ended**		
		November 30, 2024		**November 30, 2023**
Cybin Therapeutics Inc.	$	8,400	$	-

Transactions with Tricanna Industries Inc,		**Nine months ended**		
an entity whose CFO is Dayna Lange, a former director of the Company		**November 30, 2024**		**November 30, 2023**
Revenue	$	-	$	183,870
Purchases		-		124,244
Advances Paid		-		124,864

10. Capital Management

The Company's capital management policy is to maintain a strong but flexible capital structure that optimizes the cost of capital, creditor and market confidence while sustaining the future development of the business.

The Company manages its capital structure and adjusts it in light of changes in economic conditions. The Company's capital structure includes shareholders' equity. In order to maintain or adjust the capital structure, the Company may from time-to-time issue shares, seek debt financing and adjust its capital spending to manage current and working capital requirements. The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the six months ended November 30, 2024.

11. Financial Instruments

Financial instruments

The Company classifies its cash, term deposits, accounts payable and accrued liabilities and loan payable at amortized cost instruments. The Company considers that the carrying amount of these financial assets and liabilities measured at amortized cost to approximate their fair value due to the short-term nature of the financial instruments. Loan payable is carried at amortized cost, measured at level 2 inputs of the fair value hierarchy.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values. Although the Company believes its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

11. Financial Instruments (continued)

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its accounts receivable, advances and liquid financial assets, including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with a chartered bank. The Company considers credit risk with respect of these amounts to be low. The carrying amount of financial assets represents the maximum credit exposure.

Amounts Receivable

Amounts receivable consists of trade receivables of $56,885 at November 30, 2024 (February 29, 2024 - $Nil). To reduce the credit risk of amounts receivable, the Company regularly reviews the collectability of the amounts receivable to ensure there is no indication that these amounts will not be fully recoverable. As well, any accounts receivable outstanding for more than 90 days is generally considered bad debt, unless there are strong indications that the debt can be collected based on management expectations and historical collections. Subsequent bad debt collected will be included as a bad debt recovery. As a result, as at November 30, 2024, the Company impaired its accounts receivable balance when arriving at the expected credit losses of $Nil (2023 - $Nil) in accordance with IFRS 9, *Financial Instruments*.

This bad debt was in occurrence with the nationwide CRA revenue absorption of outstanding excise taxes owing which included several processing and distribution partners, causing a cash crunch.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. As at November 30, 2024, the Company had working capital of $436,937 (February 29, 2024 – deficit of $27,954). All of the Company's current liabilities are due within 90 days of November 30, 2024.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk. The Company is not currently exposed to any significant interest rate foreign currency risk or other price risk.

(Unaudited – expressed in Canadian Dollars)

12. Debt Settlement

During the nine months ended November 30, 2024, a customer settled $38,824 in accounts receivable by sending products with a fair value of $66,876 to the Company. As this receivable amount was previously written off, this settlement was recorded as a recovery of bad debt of $38,824 and gain on debt settlement amounting to $28,052.

During the nine months ended November 30, 2024, $33,946 in accounts payable, previously written off as of February 29, 2024, was assigned to a third party and considered payable, resulting in an increase of $33,946 in accounts payable and cost of sales as a result.

13. Supplemental Cash Flow Disclosure

Cash comprises of cash and highly liquid investments having maturity dates of three months or less, which are readily convertible into a known amount of cash at any time and are subject to an insignificant risk to changes in their fair value. Cash at November 30, 2024 consists of $468,766 (February 29, 2024 - $4,202) in cash held at financial institutions.

	Nine months ended	
	November 30, 2024	November 30, 2023
Common shares issued for services	$ 38,500	$ -

14. Subsequent Events

The following transactions occurred subsequent to November 30, 2024:

- On January 17 and 24, 2025, the Company issued 15,234,330 units for proceeds of $ 1,142,575 at a price of $0.075 per unit. Each unit is comprised of one common share and one share purchase warrant which entitles the holder to acquire an additional common share at a price of $0.15 per share for a period of 24 months.

- On January 22, ,2025, the Company granted 8,000,000 stock options to certain directors, officers and consultants of the Company, pursuant to the Company's omnibus share incentive plan. Each option is exercisable by the holder for one common share at an exercise price of $0.12 for a period of two years.

- The Company issued 4,325,000 common shares pursuant to the exercise of warrants. The exercise of warrants totaled was for gross proceeds of $216,250.