CordovaCann Corp.

Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended December 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

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CordovaCann Corp.

Notice to Reader Issued by Management

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

The accompanying unaudited condensed interim consolidated financial statements have been prepared and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of the unaudited condensed interim consolidated financial statements.

March 3, 2025

CordovaCann Corp.

Condensed Interim Consolidated Statements of Financial Position
As at December 31, 2024 and June 30, 2024
(Unaudited - Expressed in Canadian Dollars)

As at	Note	December 31, 2024 $	June 30, 2024 $
ASSETS			
Current			
Cash and cash equivalents		**555,590**	552,467
Accounts receivable		**31,282**	50,582
Sales tax receivable		-	31,680
Prepaid expenses and deposits		**204,173**	186,979
Inventory	*7*	**988,890**	931,877
Total current assets		**1,779,935**	1,753,585
Property and equipment, net	*9*	**2,591,345**	2,632,505
Right-of-use assets	*10*	**1,595,035**	1,960,483
Intangible assets	*11*	**3,098,339**	3,098,339
Licenses	*12*	**54,292**	108,583
Total assets		**9,118,946**	9,553,495
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**6,244,615**	5,774,417
Mortgage payable	*13*	**39,570**	35,856
Income taxes payable		**73,588**	75,588
Sales tax payable		**2,171**	-
Contract liability	*14*	**56,693**	53,927
Lease liabilities	*15*	**310,304**	435,276
Convertible debentures	*18*	**1,129,703**	1,176,856
Promissory notes payable	*16*	**1,677,768**	1,620,273
Total current liabilities		**9,534,412**	9,172,193
Mortgage payable	*13*	**932,564**	906,344
Contract liability	*14*	**9,474**	36,049
Lease liabilities	*15*	**1,373,472**	2,035,922
Total liabilities		**11,849,922**	12,150,508
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	*17*	**30,583,325**	30,475,107
Contributed surplus		**8,036,990**	8,036,990
Accumulated deficit		**(41,944,622)**	(41,787,524)
Accumulated other comprehensive income		**(74,551)**	(24,563)
Total shareholders' equity (deficiency) attributable to CordovaCann Corp.		**(3,398,858)**	(3,299,990)
Non-controlling interests		**667,882**	702,977
Total equity		**(2,730,976)**	(2,597,013)
Total liabilities and shareholders' equity		**9,118,946**	9,553,495

Nature of operations and going concern (*Note 1*)
Commitments and contingencies (*Note 21*)
Related party transactions (*Note 22*)

Approved on behalf of the Board:

"Dale Rasmussen", Director
(signed)

"Thomas M. Turner, Jr.", Director
(signed)

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

CordovaCann Corp.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
For the Three and Six Months Ended December 31, 2024 and 2023
(Unaudited - Expressed in Canadian Dollars)

	Note	**Three Months Ended December 31, 2024 $**	Three Months Ended December 31, 2023 $	**Six Months Ended December 31, 2024 $**	Six Months Ended December 31, 2023 $
Revenue		**3,607,545**	3,464,311	**7,300,367**	6,965,633
Cost of sales		**(2,558,798)**	(2,427,853)	**(5,176,008)**	(4,898,308)
Gross profit		**1,048,747**	1,036,458	**2,124,359**	2,067,325
Expenses					
Salaries and wages		**471,476**	480,734	**914,477**	961,254
Consulting fees		**142,600**	169,100	**285,200**	378,250
Office and general		**148,967**	167,614	**286,466**	324,158
Leases and utilities		**59,108**	69,750	**110,036**	159,186
Shareholders information services		**56,056**	61,241	**116,720**	118,826
Professional fees		**22,228**	3,091	**40,835**	19,379
Amortization of right-of-use assets	*10*	**109,823**	112,559	**228,221**	266,849
Depreciation	*9*	**78,563**	80,206	**157,155**	160,757
Amortization of licenses	*12*	**27,145**	41,146	**54,291**	82,292
		1,115,966	1,185,441	**2,193,401**	2,470,951
Loss before other income (expense)		**(67,219)**	(148,983)	**(69,042)**	(403,626)
Interest on lease liability	*15*	**(54,101)**	(85,037)	**(122,640)**	(171,935)
Interest expense	*13, 16, 18*	**(58,060)**	(71,682)	**(115,765)**	(122,593)
Other income		**13,975**	46,400	**27,524**	81,681
Foreign exchange gain (loss)		**(43,542)**	(16,390)	**(61,595)**	4,277
Gain on extinguishment of lease		**-**	-	**443,458**	-
Loss before income tax recovery (expense)		**(208,947)**	(275,692)	**101,940**	(612,196)
Current		**(60,000)**	(48,105)	**(130,000)**	(96,705)
Deferred		**-**	2,520	**-**	6,300
Net loss		**(268,947)**	(321,277)	**(28,060)**	(702,601)
Net loss per share - basic and diluted		**(0.00)**	(0.00)	**(0.00)**	(0.01)
Weighted average number of outstanding common shares - basic and diluted		**109,803,459**	109,502,853	**109,765,883**	109,502,853
Net loss		**(268,947)**	(321,277)	**(28,060)**	(702,601)
Foreign exchange translation adjustment		**(94,535)**	35,197	**(49,988)**	31,063
Comprehensive loss		**(363,482)**	(286,080)	**(78,048)**	(671,538)
Net loss attributable to:					
CordovaCann Corp.		**(325,656)**	(413,419)	**(157,098)**	(821,528)
Non-controlling interests		**56,709**	92,142	**129,038**	118,927
Comprehensive loss attributable to:					
CordovaCann Corp.		**(420,191)**	(378,222)	**(207,086)**	(790,465)
Non-controlling interests		**56,709**	92,142	**129,038**	118,927

CordovaCann Corp.

Condensed Interim Consolidated Statements of Changes in Equity (Deficiency)
For the Six Months Ended December 31, 2024 and 2023
(Unaudited - Expressed in Canadian Dollars)

	Note	Number of Common Shares	Share Capital	Contributed Surplus	Accumulated Deficit	Accumulated Other Comprehensive Income	Non-controlling interests	Shareholders' Equity (Deficiency)
		#	$	$	$	$	$	$
Balance, June 30, 2023		**109,502,853**	**30,475,107**	**8,036,990**	**(40,294,989)**	**64,019**	**691,651**	**(1,027,222)**
Foreign currency translation adjustment		-	-	-	-	(4,134)	-	(4,134)
Dividend paid to NCI	*5*	-	-	-	-	-	(20,268)	(20,268)
Net loss for the period		-	-	-	(821,528)	-	118,927	(702,601)
Balance, December 31, 2023		**109,502,853**	**30,475,107**	**8,036,990**	**(41,116,517)**	**59,885**	**790,310**	**(1,754,225)**
Balance, June 30, 2024		**109,502,853**	**30,475,107**	**8,036,990**	**(41,787,524)**	**(24,563)**	**702,977**	**(2,597,013)**
Shares issued for conversion of convertible debentures	*17, 18*	300,606	108,218	-	-	-	-	108,218
Dividend paid to NCI	*5*	-	-	-	-	-	(164,133)	(164,133)
Foreign currency translation adjustment		-	-	-	-	(49,988)	-	(49,988)
Net loss for the period		-	-	-	(157,098)	-	129,038	(28,060)
Balance, December 31, 2024		**109,803,459**	**30,583,325**	**8,036,990**	**(41,944,622)**	**(74,551)**	**667,882**	**(2,730,976)**

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

CordovaCann Corp.

Condensed Interim Consolidated Statements of Cash Flows
For the Six Months Ended December 31, 2024 and 2023
(Unaudited - Expressed in Canadian Dollars)

	2024	2023
	$	$
Operating activities		
Net loss for the period	**(28,060)**	(702,601)
Adjusted for non-cash items:		
Amortization of right-of-use assets	**228,221**	266,849
Depreciation	**157,155**	160,757
Amortization of licenses	**54,291**	82,292
Interest on lease liability	**122,640**	171,935
Interest expense	**115,765**	122,593
Income taxes expense	**130,000**	96,705
Deferred tax recovery	**-**	(6,300)
Foreign exchange loss (gain)	**61,595**	(4,277)
Gain on extinguishment of lease	**(443,458)**	-
Changes in non-cash working capital items:		
Accounts receivable	**19,300**	(11,030)
Prepaid expenses and deposits	**(17,194)**	(22,342)
Inventory	**(57,013)**	(46,113)
Accounts payable and accrued liabilities	**470,198**	672,764
Harmonized sales tax payable (receivable)	**31,680**	8,288
Income taxes payable	**(2,000)**	23,298
Contract liability	**(23,809)**	(26,274)
Cash provided by operating activities	**819,311**	786,544
Investing activities		
Additions to property and equipment	**-**	(37,559)
Cash used in investing activities	**-**	(37,559)
Financing activities		
Repayment of promissory notes	**(13,812)**	-
Repayment of mortgage payable	**(17,652)**	-
Payment of lease liabilities	**(328,076)**	(376,184)
Payment of dividends to non-controlling interest shareholders	**(164,133)**	(20,268)
Cash used in financing activities	**(523,673)**	(396,452)
Effect of exchange rate changes on cash	**(292,515)**	(129,369)
Net increase in cash and cash equivalents	**3,123**	223,164
Cash and cash equivalents, beginning of period	**552,467**	419,821
Cash and cash equivalents, end of period	**555,590**	642,985

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

1. NATURE OF OPERATIONS AND GOING CONCERN

CordovaCann Corp. (the "Company" or "CordovaCann" or "Cordova") is a Canadian-domiciled company focused on building a leading, diversified cannabis products business across multiple jurisdictions including Canada and the United States. CordovaCann primarily provides services and investment capital to the processing, production and retail vertical markets of the cannabis industry. The Company's principal address is 217 Queen Street West, Suite 401, Toronto, Ontario, M5V 0R2.

The Company's common shares currently trade on the Canadian Securities Exchange under the symbol "CDVA" and in the United States on the OTCQB under the symbol "LVRLF".

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as promulgated by the International Accounting Standards Board ("IASB") on a going concern basis which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. There is substantial doubt about the Company's ability to continue as a going concern as the Company incurred a comprehensive loss of $363,482 and $78,048, respectively (December 31, 2023 – $286,080 and $671,538, respectively) during the three and six months ended December 31, 2024 and has a total accumulated deficit of $41,944,662 (June 30, 2024 – $41,787,524) as at December 31, 2024. The Company's ability to continue as a going concern is dependent upon its ability to access sufficient capital until it has stable profitable operations. This uncertainty may cast significant doubt about the ability of the Company to continue as a going concern. To this point, all operational activities and overhead costs have been funded through equity issuances, debt issuances and related party advances.

The Company believes that continued funding from equity and debt issuances will provide sufficient cash flow for it to continue as a going concern in its present form until its operations become profitable and cash flow positive, however, there can be no assurances that the Company will achieve this. These consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amount and classification of liabilities or any other adjustments that might be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The Company's condensed interim consolidated financial statements have been prepared in conformity with *IAS 34 – Interim Financial Reporting* and do not include all the information required for full annual consolidated financial statements in accordance with IFRS and should be read in conjunction with the annual audited consolidated financial statements for the year ended June 30, 2024. These condensed interim consolidated financial statements of the Company and its subsidiaries were prepared using accounting policies consistent with IFRS as issued by the IASB and interpretations of the IFRS Interpretations Committee ("IFRIC").

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on March 3, 2025.

2. BASIS OF PREPARATION (continued)

(b) Basis of Presentation

These consolidated financial statements have been prepared on a historical cost basis, except biological assets which were measured at fair value. Historical cost is based on the fair value of the consideration given in exchange for assets. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for certain cash flow information.

(c) Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars. The functional currency of the Company and its subsidiaries are detailed in Note 2(e) below.

Translation of foreign-currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of each subsidiary at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss resulting from the settlement of such transactions and from the translation at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Translation of financial statements of subsidiaries

In translating the financial statements of the Company's foreign subsidiaries from their functional currencies into the Company's presentation currency of Canadian dollars, statement of financial position accounts are translated using the closing exchange rate in effect at the statement of financial position date and income and expense accounts are translated using an average exchange rate prevailing during the reporting period. Adjustments resulting from the translation, if any, are included in accumulated other comprehensive income (loss) in shareholders' equity (deficiency).

(d) Use of Estimates and Judgements

The preparation of these consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these consolidated financial statements, and may require accounting adjustments based on future occurrences. The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The key assumptions concerning the future, and other key sources of estimation uncertainty as of the date of the statement of financial position that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next fiscal year arise in connection with the valuation of financial instruments, valuation of acquired assets, fair value of share purchase warrants, share-based payments and deferred tax assets.

(Unaudited - Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (continued)

(e) Basis of Consolidation

These consolidated financial statements include those of the Company and its subsidiaries, which are the entities controlled by the Company. Control over an investee is achieved when the Company has power over the investee, has exposure or rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of its returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The following table lists the Company's subsidiaries and their functional currencies:

Name of Subsidaries	Place of Incorporation	Ownership Interest	Currency
CordovaCann Holdings Canada, Inc.	Ontario, Canada	100%	Canadian Dollars
Cordova Investments Canada, Inc.	Ontario, Canada	100%	Canadian Dollars
2734158 Ontario Inc.	Ontario, Canada	60.45%	Canadian Dollars
10062771 Manitoba Ltd.	Manitoba, Canada	51.00%	Canadian Dollars
CordovaCann Holdings, Inc.	Delaware, USA	100%	Canadian Dollars
Cordova CO Holdings, LLC	Colorado, USA	100%	United States Dollars
Cordova OR Holdings, LLC	Oregon, USA	100%	United States Dollars
CDVA Enterprises, LLC	California, USA	100%	United States Dollars
Cordova CA Holdings, LLC	California, USA	100%	United States Dollars
Cordova OR Operations, LLC	Oregon, USA	100%	United States Dollars
Cannabilt Farms, LLC	Oregon, USA	100%	United States Dollars
Cannabilt OR Retail, LLC	Oregon, USA	100%	United States Dollars
Cannabilt Holdings, Inc.	Oregon, USA	100%	United States Dollars
Future Processing, LLC	Oregon, USA	100%	United States Dollars
Extraction Technologies, LLC	Washington, USA	100%	United States Dollars
Cordova WA Holdings, LLC	Washington, USA	100%	United States Dollars
Cordova MA Holdings, Inc.	Massachusetts, USA	100%	United States Dollars

3. MATERIAL ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these condensed interim consolidated financial statements are synonymous with the significant accounting polices of the Company's annual audited financial statements for the year ended June 30, 2024.

The following IFRS standards have been recently issued by the IASB. Pronouncements that are irrelevant or not expected to have a significant impact have been excluded.

Amendments to IAS 1: Covenants

The amendment clarifies how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances. The amendment applies retrospectively for annual periods beginning on or after January 1, 2024. Management will perform this assessment each reporting period as required and evaluate the potential impact of this standard on the Company's consolidated financial statements.

4. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Information about critical judgments in applying accounting policies and estimates that have the most significant effect on the amounts recognized in these consolidated financial statements is included in the following:

Determination of control

The control principle in IFRS 10 sets out the three elements of control: power over the investee; exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect the amount of those returns. Judgement is required in assessing these three elements and reaching a conclusion on obtaining of control of a business.

Income taxes

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant tax authorities, which occurs subsequent to the issuance of these consolidated financial statements.

Impairment of long-lived assets

Assets, including property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. If an impairment assessment is required, the assessment of fair value often requires estimates and assumptions such as discount rates, exchange rates, commodity prices, rehabilitation and restoration costs, future capital requirements and future operating performance. Changes in such estimates could impact recoverable values of these assets. Estimates are reviewed regularly by management.

4. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Useful lives of depreciable assets

The Company estimates the useful lives for an item of depreciable assets to its significant parts and depreciates separately each such part. Management reviews the useful lives of depreciable assets and their significant parts at each reporting date based on the expected utility of the assets to the Company. Actual results, however, may vary due to a variety of factors including technical obsolescence.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with goods and services received by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them. The assumptions and valuation models used for estimating fair value for share-based payment transactions are disclosed in Note 19 and Note 20.

Provisions and contingencies

The amount recognized as provision, including legal, contractual, constructive and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. In addition, contingencies will only be resolved when one or more future events occur or fail to occur. Therefore, the assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. The Company assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements.

Determination of purchase price allocations and contingent consideration

Judgements are made in determining the fair value of assets and liabilities, including the valuation of separately identifiable intangibles acquired as part of an acquisition. Further, estimates are made in determining the value of contingent consideration payments that should be recorded as part of the consideration on the date of acquisition and changes in contingent consideration payable in subsequent reporting periods, if any. Contingent consideration payments are generally based on acquired businesses achieving certain performance targets. The estimates are based on management’s best assessment of the related inputs used in the valuation models, such as future cash flows and discount rates. Future performance results that differ from management’s estimates could result in changes to liabilities recorded, which are recorded as they arise through the statement of operations and comprehensive loss.

Leases

Management applies judgment in reviewing each of its contractual arrangements to determine whether the arrangement contains a lease. Leases that are recognized are subject to further management judgment and estimation in various areas specific to the arrangement, including lease term and discount rate. In determining the lease term to be recognized, Management considers all facts and circumstances that create an economic incentive to exercise an extension operation, or not to exercise a termination option. Where the rate implicit

4. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

in a lease is not readily determinable, the discount rate of lease obligations are estimated using a discount rate that estimates the Company's specific incremental borrowing rate. The incremental borrowing rate represents the rate that the Company would incur to obtain the funds necessary to purchase an asset of a similar value, with similar payment terms and security, in a similar economic environment.

Valuation of convertible debentures

Judgement is made on the initial recognition of convertible debentures and the appropriate allocation into their equity and/or liability components at the date of issuance, in accordance with the substance of the contractual agreements. The conversion options require an estimation of the fair value of a similar liability that doesn't have an associated equity component by using a suitable discount rate at initial recognition and each extension date. The carrying amount of the conversion options is then determined by deducting the fair value of the financial liability from the fair value of the convertible debenture as a whole. A convertible debenture for which the Company is able to avoid a contractual obligation to pay cash is classified as an equity instrument.

5. DIVIDENDS

2734158 Ontario Inc. ("273 Ontario")

During the year ended June 30, 2023, there were no dividends paid to 273 Ontario.

During the year ended June 30, 2024, 273 Ontario paid dividends in the amount of $521,247, of which $206,153 was paid to the minority shareholders of 273 Ontario.

During the six months ended December 31, 2024, 273 Ontario paid dividends in the amount of $415,000, of which $164,133 was paid to the minority shareholders of 273 Ontario.

6. RESTRICTED CASH

Restricted cash relates to an amount held in an escrow account (the "Escrow Account") related to the Company's property located in Damascus, Oregon (the "Oregon Property"). The amount held in the Escrow Account was non-interest bearing and restricted for the completion of the buildout of the Oregon Property (Note 9). During the six months ended December 31, 2024, withdrawals from the Escrow Account amounted to $nil (June 30, 2024 – $173,658 (US $129,460)) which were related to the completion of the buildout of the Oregon Property. The balance as at December 31, 2024 amounted to $nil (June 30, 2024 – $nil).

7. INVENTORY

The Company's inventory includes purchased products. The Company's purchased inventory during the three and six months ended December 31, 2024 amounted to $2,558,798 and $5,176,008, respectfully (December 31, 2023 – $2,427,853 and $4,898,308, respectfully). The Company's inventory as at December 31, 2024 amounted to $988,890 (June 30, 2024 – $931,877).

(Unaudited - Expressed in Canadian Dollars)

8. OTHER DEPOSIT

On November 7, 2019, the Company advanced $408,840 (US $300,000) to an-arm's length party in exchange for a promissory note (the "Joint Forces Deposit").

On October 12, 2020, the Company entered into a settlement agreement (the "Settlement"), settling the outstanding Joint Forces Deposit for a payment term over 2 years for a total of $460,626 (US $338,000). Accordingly, the Joint Forces Deposit was determined to be a financial instrument and recorded at amortized cost. The initial carrying amount of the financial asset was determined by discounting the stream of future payments of interest and principal at a market interest rate of 8% which is estimated to be the lending rate available to the Company for similar instruments.

During the year ended June 30, 2024, the Company received the entirety of the joint forces deposit and additional interest payments in relation to the outstanding amounts.

The outstanding balance of the Joint Forces Deposit amounted to $nil as at December 31, 2024 (June 30, 2024 – $nil).

9. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following:

	Land $	Building $	Leasehold improvements $	Machinery and equipment $	Computer equipment $	Furniture and fixtures $	Total $
Cost							
As at June 30, 2023	**430,750**	**1,082,145**	**1,278,305**	**327,206**	**134,772**	**432,948**	**3,686,126**
Additions (disposals)	-	-	-	-	-	-	-
Translation adjustment	14,543	28,593	24,999	11,046	-	-	79,181
As at June 30, 2024	**445,293**	**1,110,738**	**1,303,304**	**338,252**	**134,772**	**432,948**	**3,765,307**
Additions (disposals)	-	-	-	-	-	-	-
Translation adjustment	22,839	56,969	39,261	17,349	-	-	136,418
As at December 31, 2024	**468,132**	**1,167,707**	**1,342,565**	**355,601**	**134,772**	**432,948**	**3,901,725**
Accumulated depreciation							
As at June 30, 2023	**-**	**(112,114)**	**(287,179)**	**(120,024)**	**(115,836)**	**(170,110)**	**(805,263)**
Depreciation	-	(43,992)	(119,040)	(66,983)	(14,352)	(74,232)	(318,599)
Translation adjustment	-	(4,221)	-	(4,719)	-	-	(8,940)
As at June 30, 2024	**-**	**(160,327)**	**(406,219)**	**(191,726)**	**(130,188)**	**(244,342)**	**(1,132,802)**
Depreciation	-	(22,418)	(59,564)	(34,134)	(3,923)	(37,116)	(157,155)
Translation adjustment	-	(9,163)	-	(11,260)	-	-	(20,423)
As at December 31, 2024	**-**	**(191,908)**	**(465,783)**	**(237,120)**	**(134,111)**	**(281,458)**	**(1,310,380)**
Net book value ($)							
As at June 30, 2023	430,750	970,031	991,126	207,182	18,936	262,838	2,880,863
As at June 30, 2024	445,293	950,411	897,085	146,526	4,584	188,606	2,632,505
As at December 31, 2024	**468,132**	**975,799**	**876,782**	**118,481**	**661**	**151,490**	**2,591,345**

During the three and six months ended December 31, 2024, the Company incurred a depreciation expense in the amount of $78,563 and $157,155, respectively (December 31, 2023 – $80,206 and $160,757, respectively).

(Unaudited - Expressed in Canadian Dollars)

10. RIGHT-OF-USE ASSETS

Right-of-use assets consists of the following:

	$
Balance, June 30, 2023	**2,395,049**
Additions during the year	-
Depreciation for the year	(491,705)
Foreign exchange translation	57,139
Balance, June 30, 2024	**1,960,483**
Additions (disposals) during the period	(201,718)
Depreciation for the period	(228,221)
Foreign exchange translation	64,491
Balance, December 31, 2024	**1,595,035**

Leased properties are amortized over the terms of their respective leases.

During the six months ended December 31, 2024, the Company entered into a new lease for its property located in Damascus, Oregon, and terminating its previous lease entered into at the same property. As a result of the terms of these leases being substantial different, this resulted in an extinguishment of the previous lease and entering into a new lease which is reflected in the net additions (disposals) amount above. As a result of the derecognition of the previous lease and entering into a new lease, the Company recorded a net gain on the extinguishment of lease in the amount of $443,458, which reflects the difference between the value of the right of use asset and lease liability (Note 15) as at the date of extinguishment.

11. INTANGIBLE ASSETS

The Company's intangible assets relate to the brand name acquired from Star Buds International Inc. This intangible asset was determined to be an indefinite life intangible asset.

No additions, disposals, amortization or impairment were recorded in relation to these intangible assets during the six months ended December 31, 2024 and 2023.

(Unaudited - Expressed in Canadian Dollars)

12. LICENSES

	$
Cost	
As at June 30, 2023	**710,911**
Additions (disposals)	-
As at June 30, 2024	**710,911**
Additions (disposals)	-
As at December 31, 2024	**710,911**
Accumulated amortization	
As at June 30, 2023	**(470,413)**
Amortization	(131,915)
As at June 30, 2024	**(602,328)**
Amortization	(54,291)
As at December 31, 2024	**(656,619)**
Net book value ($)	
As at June 30, 2023	240,498
As at June 30, 2024	108,583
As at December 31, 2024	**54,292**

During the three and six months ended December 31, 2024, amortization expense in relation to these licenses amounted to $27,145 and $54,291, respectively (December 31, 2023 – $41,146 and $82,292, respectively).

13. MORTGAGE PAYABLE

Washington Mortgage

On February 26, 2021, the Company acquired a 10,900 sq. ft. manufacturing building, processing equipment, and contracts with tolling and white label customers as a result of an acquisition of an arm's-length Washington based company (the "Washington Acquisition"), and assumed a mortgage payable in the amount of $829,305 (US $653,768) (the "Washington Mortgage"). The Washington Mortgage was entered into on September 28, 2020 by the vendors of the Washington Acquisition with an initial amount of $874,921 (US $654,000) and matures on October 1, 2022. The Washington Mortgage bears interest at 12.5%, payable monthly, and secured by a first charge on the property acquired as part of the Washington Acquisition.

On November 1, 2022, the Company refinancing the existing Washing Mortgage for an aggregate amount of US $725,000, less a US $7,500 interest reserve amount (the "Washington Refinance"). As a result of financing and administrative costs incurred in relation to the Washington Refinancing, along with the payment of the previous outstanding Washington Mortgage, there were no additional cash proceeds received. The refinanced Washington Mortgage has a maturity date of five years from the date of refinancing and bears interest at 9.75% for the first two years, with interest escalators in subsequent years.

(Unaudited - Expressed in Canadian Dollars)

13. MORTGAGE PAYABLE (continued)

As at December 31, 2024, the amount outstanding under the Washington Mortgage amounted to $972,134 (June 30, 2024 – $942,200). During the six months ended December 31, 2024, the current portion of the Washington Mortgage amounted to $39,570 (June 30, 2024 – $35,856) and the long-term amounted to $932,564 (June 30, 2023 – $906,344). Total interest expense in relation to the Washington Mortgage amounted to $23,178 and $45,997, respectively, during the three and six months ended December 31, 2023 (December 31, 2023 – $23,390 and $46,612, respectively).

14. CONTRACT LIABILITY

The Company's contract liability is deferred revenue which relates to revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) which amounted to $66,167 (June 30, 2024 – $89,976) as at December 31, 2024. Details of the Company's contract liability is noted as follows:

		December 31, 2024		June 30, 2024
Opening balance	**$**	**89,176**	$	138,918
Additions		**-**		-
Changes in exchange rates		**3,715**		4,072
Revenue recognized from contract liability		**(27,524)**		(53,014)
Ending balance	**$**	**66,167**	$	89,976
Current portion	**$**	**56,693**	$	53,927
Long-term portion		**9,474**		36,049

(Unaudited - Expressed in Canadian Dollars)

15. LEASE LIABILITIES

The following table represents the lease obligations for the Company as at December 31, 2024:

	$
Balance, June 30, 2023	**2,824,493**
Additions during the year	-
Interest expense	335,184
Lease payments	(758,676)
Foreign exchange translation	70,197
Balance, June 30, 2024	**2,471,198**
Additions (disposals) during the period	(490,959)
Interest expense	122,640
Lease payments	(328,076)
Foreign exchange translation	(91,027)
Balance, December 31, 2024	**1,683,776**

The Company's net additions (disposals) are the result of a new lease entered into on its property located in Damascus, Oregon (Note 10).

Allocated as:

	December 31, 2024	June 30, 2024
	$	$
Current	**310,304**	435,276
Long-term	**1,373,472**	2,035,922
Total	**1,683,776**	2,471,198

The following table presents the contractual undiscounted cash flows for lease obligations as at December 31, 2024:

	$
Less than one year	490,823
One to five years	1,179,125
More than five years	717,698
Total undiscounted lease obligation	**2,387,646**

During the three and six months ended December 31, 2024, the Company had a lease with a term less than 12 months and recorded $nil (December 31, 2023 – $28,642 and $61,488, respectively) of rent expense attributed to short-term leases.

16. PROMISSORY NOTES PAYABLE

Promissory Note A – April 8, 2020

On April 28, 2020, the Company issued a promissory note (the "Promissory Note A-1") in the principal amount of $527,967. The Promissory Note A-1 matures on April 8, 2023 and bears interest at a rate of 6% per annum, calculated in arrears, compounded annually and payable at maturity. The fair value of $381,093 for the Promissory Note A-1 was determined by discounting the stream of future payments of interest and principal at a market interest rate of 19% which is estimated to be the borrowing rate available to the Company for similar instruments of debt.

On June 8, 2020, the Company issued a promissory note (the "Promissory Note A-2") in the principal amount of $225,000. The Promissory Note A-2 matures on April 8, 2023 and bears interest at a rate of 6% per annum, calculated in arrears, compounded annually and payable at maturity. The fair value of $160,603 for the Promissory Note A-2 was determined by discounting the stream of future payments of interest and principal at a market interest rate of 19% which is estimated to be the borrowing rate available to the Company for similar instruments of debt.

On June 8, 2020, the Company issued a promissory note (the "Promissory Note A-3") in the principal amount of $196,832. The Promissory Note A-3 matures on April 8, 2023 and bears interest at a rate of 6% per annum, calculated in arrears, compounded annually and payable at maturity. The fair value of $142,075 for the Promissory Note A-3 was determined by discounting the stream of future payments of interest and principal at a market interest rate of 19% which is estimated to be the borrowing rate available to the Company for similar instruments of debt.

As at December 31, 2024, the value of these promissory notes amounted to $397,147 (June 30, 2024 – $388,443). Interest in the amount of $4,352 and $8,704, respectively (December 31, 2023 – $4,353 and $8,705, respectively) was recorded during the three and six months ended December 31, 2024.

These promissory notes are in default and due on demand. In addition, the Company has an outstanding litigation with the holder of this promissory note (Note 21).

Demand Notes

During the year ended June 30, 2023, the Company issued demand notes (the "2023 Demand Notes") in the aggregate amount of $1,257,800 (US $950,000) with fixed interest amounts and maturity dates between October 2022 to February 2023. $198,600 (US $150,000) of principal repayments and $50,239 (US $37,500) of interest repayments were made in cash during the year ended June 30, 2023.

The total interest and administrative fees charged in relation to the 2023 Demand Notes during the year ended June 30, 2023 amounted to $190,907 (US $142,500). There were no interest and administrative fees charged on the 2023 Demand Notes during the six months ended December 31, 2024 and 2023. A principal repayment of US $5,000 was made during the year ended June 30, 2024. A principal repayment of US $10,000 was made during the six months ended December 31, 2024.

As at December 31, 2024, the outstanding principal amount of the 2023 Demand Notes amounted to $1,129,537 (US $785,000) (June 30, 2024 - $1,088,116 (US $790,000)) and the outstanding accrued interest amounted to $151,084 (US $105,000) (June 30, 2024 - $143,714 (US $105,000)).

16. PROMISSORY NOTES PAYABLE (continued)

Included in the aggregate amount of 2023 Demand Notes is the principal amount of $143,890 (US $100,000) (June 30, 2024 – $136,870 (US $100,000)) and accrued interest of $21,583 (US $15,000) (June 30, 2024 - $20,280 (US $15,000)) to the Chief Executive Officer and Chairman of the Company. These amounts have not been repaid to the respective related party and remain outstanding.

The 2023 Demand Notes have matured and are in default.

17. SHARE CAPITAL

The authorized share capital of the Company consists of an unlimited number of common shares.

During the six months ended December 31, 2024, the Company had the following common share transactions:

- On July 23, 2024 and in connection with the conversion of the outstanding convertible debentures, the holders elected to convert $82,800 of their outstanding principal and $25,418 of accrued interest into common shares of the Company at $0.36 per common share for a total converted amount of $108,218 and the issuance of 300,606 common shares (Note 18).

The Company did not have any common share transactions during the years ended June 30, 2024 and 2023.

18. CONVERTIBLE DEBENTURES

a) Convertible Debentures Series A-1 – March 12, 2021

On March 12, 2021, the Company closed a non-brokered private placement of unsecured subordinated convertible debenture units (the “Debenture Units of Series A-1”) of the Company for gross proceeds of $390,000.

Each Debenture Unit of Series A-1 consists of $1,000 principal amount of unsecured subordinated convertible debentures (the “Debentures of Series A-1”) and 1,000 common share purchase warrants (the “Warrants of Series A-1”) of the Company. The Debentures of Series A-1 matured on March 12, 2022 and bear interest at a rate of 15% per annum, accrued monthly and payable at maturity. The outstanding principal amount of the Debentures of Series A-1 and any accrued interest is convertible into common shares of the Company at the option of the holder at any time prior to the maturity date at a conversion price of $0.50 per share. The Company also has the option to force conversion of the Debentures of Series A-1 and any accrued interest at the same conversion price if the Company’s common shares trade above $0.50 per share for ten consecutive trading days on the Canadian Securities Exchange. Furthermore, the Debentures of Series A-1 and accrued interest shall automatically convert into common shares of the Company at maturity. Each full Warrant of Series A-1 entitles the holder to purchase one common share of the Company until March 12, 2023 at an exercise price of $0.75 per share.

18. CONVERTIBLE DEBENTURES (continued)

The Debenture Units of Series A-1 were determined to be an equity instrument, comprising a conversion feature and warrants as a result of the Company being able to avoid a contractual obligation to pay cash related to the principal and interest at maturity. The subscription amount of $390,000 was allocated to the equity portion of convertible debt and warrants based on their pro-rata fair values of $208,452 and $181,548, respectively. The interest expense related to the Debenture Units of Series A-1 are added to the equity portion of convertible debt as accrued.

On May 31, 2022, the Debenture Units of Series A-1 were converted into the Convertible Debentures Series A-2 offering. The principal amount of $390,000, the accrued interest of $58,500 were transferred to Convertible Debentures Series A-2. As a result of the transfer, a loss in the amount of $99,635 was recorded.

b) *Convertible Debentures Series A-2 – May 31, 2022*

On May 31, 2022, the Company closed a non-brokered private placement of unsecured subordinated convertible debenture units (the 'Debenture Units of Series A-2") of the Company for gross proceeds of $897,000, bearing interest at 15% per annum, accrued monthly and payable at maturity, on May 31, 2023.

Each Debenture Unit of Series A-2 consists of $1,000 principal amount of unsecured subordinated convertible debentures (the "Debentures of Series A-2") and 1,000 common share purchase warrants (the "Warrants of Series A-2") of the Company. The Debentures of Series A-2 mature on May 31, 2023 and bear interest at a rate of 15% per annum, accrued monthly and payable at maturity. The outstanding principal amount of the Debentures of Series A-2 and any accrued interest is convertible into common shares of the Company at the option of the holder at any time prior to the maturity date at a conversion price of $0.36 per share. The Company also has the option to force conversion of the Debentures of Series A-2 and any accrued interest at the same conversion price if the Company's common shares trade above $1.00 per share for ten consecutive trading days on the Canadian Securities Exchange. Furthermore, the Debentures of Series A-2 and accrued interest shall automatically convert into common shares of the Company at maturity. Each full Warrant of Series A-2 entitles the holder to purchase one common share of the Company until May 31, 2024 at an exercise price of $1.25 per share.

Prior to closing of the Offering, the Company exercised its rights of repayment in respect of the Convertible Debentures of Series A-1 of the Company issued on March 12, 2021 and, in connection with its election for early repayment, holders of the Convertible Debentures of Series A-1 directed the Company to retain the funds representing repayment and to apply such funds towards satisfaction of the purchase price for the respective Debenture of Series A-2. The Company issued an aggregate of $488,500 worth of Debenture Units to the subscribers of the Debentures of Series A-1. The remaining $448,500 pertained to a settlement of outstanding Demand Loans in the amount of $390,000 (US $300,000) and $58,500 (US $45,000) of interest.

At initial recognition, the Debenture Units of Series A-2 were determined to be an equity instrument due to being able to avoid a contractual obligation to pay cash related to the principal and interest at maturity. The subscription amount of $897,000 was allocated to the equity portion of convertible debt and warrants based on their pro-rata fair values of $678,433 and $218,567, respectively. The interest expense related to the Debenture Units of Series A-2 are added to the equity portion of convertible debt as accrued.

18. CONVERTIBLE DEBENTURES (continued)

On the maturity date of May 30, 2023, the Company did not elect to convert the Debenture Units of Series A-2. As a result of the non-exercise of the conversion option, the Company's Debenture Units of Series A-2 no longer met the criteria of an equity instrument, as it could no longer avoid the contractual obligation to pay cash related to the principal and interest. Accordingly, the Company reclassified the equity portion of convertible debenture to a convertible debenture liability at its face value of $897,000. As a result of the reclassification, the Company recorded a loss in the amount of $218,567 during the year ended June 30, 2023. The loss arises from the difference between the face value of convertible debentures and the amount reclassified from equity to the convertible debenture liability on the maturity date.

On July 23, 2024 and in connection with the conversion of the outstanding convertible debentures, the holders elected to convert $82,800 of their outstanding principal and $25,418 of accrued interest into common shares of the Company at $0.36 per common share for a total converted amount of $108,218 and the issuance of 300,606 common shares (Note 17).

During the three and six months ended December 31, 2024, interest expense of $30,532 and $61,065, respectively, was recorded in relation to these convertible debentures (December 31, 2023 – $33,638 and $67,275, respectively). As at December 31, 2024, the outstanding principal amount of the convertible debentures amounted to $814,200 (June 30, 2024 – $897,000) and the outstanding accrued interest amounted to $315,503 (June 30, 2024 - $279,856).

19. OPTIONS

On November 22, 2018, the Company's shareholders approved and the Company adopted a rolling stock option plan (the "Option Plan"), under which the Board of Directors may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company. Pursuant to the Option Plan, the Company may issue options for such period and exercise price as may be determined by the Board of Directors, and in any case not exceeding ten (10) years from the date of grant with the total options issued under the Option Plan not exceeding ten percent (10%) of the common shares of the Company, outstanding at the time of the granting of such options. The minimum exercise price of an option granted under the Option plan must not be less than the market value of the common shares on the date such option is granted.

As at December 31, 2024 and June 30, 2024, there were no stock options issued and outstanding.

During the three and six months ended December 31, 2024 and 2023, the Company expensed $nil of the fair value of the stock options.

(Unaudited - Expressed in Canadian Dollars)

20. WARRANTS

	Warrants Outstanding		Weighted Average Exercise Price	Weighted Average Life Remaining (years)
June 30, 2023	**10,097,379**		**0.98**	**0.58**
Expired	(10,097,379)		**0.65**	**-**
June 30, 2024	**-**	**$**	**-**	**-**
Expired	-		-	-
December 31, 2024	**-**	**$**	**-**	**-**

During the year ended June 30, 2024:

- 10,097,379 common share purchase warrants expired, unexercised.

During the three and six months ended December 31, 2024, the Company expensed $nil (December 31, 2023 – $nil), in the fair value of warrants.

21. COMMITMENTS AND CONTINGENCIES

(a) Employment Agreements

The Company is party to certain employments agreements with key executives of the Company that contain clauses requiring additional payments of up to two times the annual entitlements under these agreements upon occurrence of certain events, such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

(b) Contingencies

(i) During the year ended June 30, 2023, the Company was identified as a defendant along with three other defendants (the "Other Defendants") to a complaint in the Orange County Superior Court of California and for the State of California (the "Complaint"). The Complaint contains five causes of actions by the plaintiff (the "Plaintiff"), but only one of those causes of action, for injunctive relief, is asserted against the Company. The Complaint involves claims by the Plaintiff that at the request of the Other Defendants, the Plaintiff guaranteed a loan to acquire lab equipment for the benefit of the Other Defendants in the amount of $251,793. The Complaint claims that the Other Defendants failed to pay off the subject loan and converted the equipment, depriving the Plaintiff of the ability to foreclose and receive repayment. The cause of action for injunctive relief against the Company (as well as the Other Defendants) requests that the court issue an order setting forth title and control to the equipment. The Company currently leases this equipment from the Other Defendants. The Company has not been served the Complaint and there is no claim for damages against the Company presently in the Complaint.

The Company intends on defending this Compliant to the extent that a liability is imposed on the Company for the replacement of the equipment or for the monetary damages imposed on the Other Defendants. As at the date of these consolidated financial statements, it is premature, and not practical, to determine whether or not there will be any outflow and, if so, the amount of that outflow. Accordingly, no provisions have been made on the Company's consolidated financial statements of position with respect to the Complaint.

As at the reporting date, the Company has not been served with a lawsuit related to this Complaint.

21. COMMITMENTS AND CONTINGENCIES (continued)

(b) Contingencies (continued)

(ii) On November 1, 2024, the Company became aware of a lawsuit filed in the Ontario Superior Court of Justice on September 26, 2024, by 10330698 Canada Inc. ("1033 Canada"), claiming approximately $1,900,000 (the "Claim"). The Company and other defendants were not properly served, and the Claim was filed without representation by a licensed lawyer, as required by Rule 15.01(2) of the Rules of Civil Procedure under the Courts of Justice Act.

On November 19, 2024, the Company preemptively filed a statement of defence, denying the allegations in the Claim and asserting that the Claim lacks merit. Additionally, the Company filed a counterclaim against 1033 Canada for breach of contract, seeking $800,000 in damages for unexpected liabilities and losses incurred due to misrepresentation by 1033 Canada. On December 20, 2024, 1033 Canada filed a Reply and Defence to Counterclaim in response to the Company's counterclaim.

As disclosed in Note 16, the Company has outstanding promissory notes with 1033 Canada.

As of the date of these consolidated financial statements, it is premature and impractical to determine the likelihood of the outcome of the legal proceedings, the potential inflow or outflow of economic benefits, or to estimate any related amounts. Accordingly, no adjustments have been made to the Company's consolidated financial statements in relation to this Claim.

(iii) On March 3, 2025, the Company received a notice of default from its landlord in relation to its long-term lease in Oregon related to unpaid rent. The landlord has provided a five-day cure period for this breach, after which, it intends to repossess the premises and seek damages if the default is not remedied. Management is actively assessing the situation and exploring possible resolutions and the overall impact of the notice. As at the date of these condensed interim consolidated financial statements, the impact of this default is premature and not determinable.

22. RELATED PARTY TRANSACTIONS

Related party transactions as at and for the three and six months ended December 31, 2024 and 2023 and the balances as at those dates, not disclosed elsewhere in these consolidated financial statements are as follows:

a) During the three and six months ended December 31, 2024, the Company expensed $165,000 and $330,000, respectively, (December 31, 2023 – $165,000 and $330,000, respectively), in fees payable to officers and directors of the Company and in fees payable to a corporation related by virtue of a common officer and director; and

b) As at December 31, 2024, the Company had fees payable to officers and directors of the Company of $3,606,525 (June 30, 2024 – $3,222,517).

23. FINANCIAL INSTRUMENTS AND RISK FACTORS

The fair value hierarchy that reflects the significance of inputs used in making fair value measurements is as follows:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and

Level 3: inputs for the asset or liability that are not based upon observable market data.

Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The fair values of the Company’s financial instruments consisting of cash and cash equivalents, restricted cash, accounts receivable, promissory notes payable, mortgage payable and accounts payable and accrued liabilities approximate their carrying value due to the relatively short-term maturities of these instruments.

Risk Management Policies

The Company, through its financial assets and liabilities, is exposed to various risks. The Company has established policies and procedures to manage these risks, with the objective of minimizing any adverse effect that changes in these variables could have on these consolidated financial statements. The following analysis provides a measurement of risks as at December 31, 2024:

Credit Risk

The Company's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, totals the carrying amount of these assets as stated in the consolidated statements of financial position. The Company's principal financial assets are cash, restricted investments and accounts receivable, which represent the Company's exposure to credit risk in relation to financial assets. The credit risk on cash and restricted investments is mitigated by transacting with banks with high credit ratings assigned by international credit-rating agencies. An allowance for expected credit losses is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information when necessary.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due within one year. The Company’s approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation.

As at December 31, 2024, there is substantial doubt about the Company’s ability to continue as a going concern primarily due to its history of losses and negative working capital. Liquidity risk continues to be a key concern in the development of future operations.

23. FINANCIAL INSTRUMENTS AND RISK FACTORS (continued)

Market Risk

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rates on all of the Company's existing debt are fixed, and therefore it is not currently subject to any significant interest rate risk.

(ii) Foreign Currency Risk

The Company is exposed to foreign currency risk from fluctuations in foreign exchange rates and the degree of volatility in these rates due to the timing of their accounts payable balances. The risk is mitigated by timely payment of creditors and monitoring of foreign exchange fluctuations by management. As at December 31, 2024, the Company did not use derivative instruments to hedge its exposure to foreign currency risk.

(iii) Price Risk

The Company's operations do not involve the direct input or output of any commodities and therefore it is not subject to any significant commodity price risk. In addition, the Company does not have any equity investments in other listed public companies, and therefore it is not subject to any significant stock market price risk.

24. CAPITAL MANAGEMENT

The Company's definition of capital includes all components of shareholders' equity (deficiency) excluding non-controlling interest. As at December 31, 2024, the Company's capital amounted to a deficiency of $3,398,858 (June 30, 2024 – $3,299,990). The Company's objectives when managing capital are as follows:

(i) to safeguard the Company's ability to continue as a going concern; and

(ii) to raise sufficient capital to meet its business objectives.

The Company manages its capital structure and makes adjustments to it, based on the general economic conditions, and the Company's short-term and long-term capital requirements. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or debt.

25. COMPARATIVE AMOUNTS

Certain comparative figures have been reclassified to conform to the consolidated financial statement presentation adopted for the current period. Such reclassifications did not have an impact on previously reported net loss and comprehensive loss.