



Chemistree Technology Inc.

**Condensed Interim Consolidated Financial Statements
(Unaudited)
(Expressed in Canadian Dollars)**

For the nine months ended March 31, 2024 and 2023

NOTICE OF NO AUDIT OR REVIEW OF 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 interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated 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 interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim consolidated financial statements by an entity's auditor.

Chemistree Technology Inc.

(in Canadian Dollars)

Condensed Interim Consolidated Statement of Financial Position (unaudited)

As at:	March 31, 2024	June 30, 2023
ASSETS		
Current		
Cash	\$ 348,975	\$ 623,789
Taxes receivable	7,185	13,526
Prepays and deposits	356	22,162
	356,516	659,477
Non-current assets		
Investments (Note 14)	249,781	298,152
	\$ 606,297	\$ 957,629
LIABILITIES		
Current		
Accounts payable and accrued liabilities	115,927	102,448
Interest payable (Note 5)	134,942	108,870
Convertible debentures (Note 8)	6,668,000	7,209,757
	6,918,869	7,421,075
Notes payable (Note 5)	443,959	443,959
	7,362,828	7,865,034
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 7)	20,625,138	19,706,694
Equity reserves (Notes 7)	3,588,982	3,647,036
Deficit	(30,970,651)	(30,261,135)
	(6,756,531)	(6,907,405)
	\$ 606,297	\$ 957,629

Nature and continuance of operations (Note 1)

Commitments (Note 13)

Events after the reporting period (Note 16)

Approved by the board on May 15, 2024:

Signed: "Karl Kottmeier"
Director

Signed: "Douglas Ford"
Director

Chemistree Technology Inc.

(in Canadian Dollars)

Condensed Interim Consolidated Statement of Comprehensive Loss (unaudited)

	Three months ended March 31,		Nine months ended March 31,	
	2024	2023	2024	2023
Expenses				
Accretion and finance costs (Note 8)	252,839	269,000	774,474	820,906
Depreciation (Note 4)	-	-	-	42,416
General and administrative (Note 6)	11,234	20,128	29,658	95,950
Insurance	356	649	1,069	3,267
Interest expense	8,638	7,921	26,072	37,412
Management fees (Note 6)	106,500	179,314	319,500	534,985
Professional fees	60,760	41,385	107,037	89,058
Transfer agent and regulatory fees	13,466	10,177	30,637	37,265
Foreign exchange	(5,187)	3,833	(5,702)	(30,680)
Interest income	-	-	-	(13)
Gain on disposal of assets held for sale	-	-	-	(85,239)
Other income	-	-	(6,772)	(15,754)
Loss	\$ (448,606)	(532,407)	(1,275,973)	(1,529,573)
Other loss (gain)				
Gain on interest settlement (Note 8)	(142,895)	(254)	(455,841)	(304,336)
Gain on sale of investment (Note 14)	-	(2,097)	-	(2,097)
Recovery of note receivable (Note 15)	-	-	(158,987)	-
Unrealized loss (gain) on investments (Note 14)	61,318	(58,506)	48,371	(177,956)
Change in value of assets available for sale (Note 4)	-	-	-	-
Loss and comprehensive loss	\$ (367,029)	(471,550)	(709,516)	(1,045,184)
Basic and diluted loss per share	\$ (0.00)	(0.01)	(0.01)	(0.02)
Weighted average number of shares outstanding - basic and diluted	73,857,411	57,973,749	69,077,922	52,525,157

Chemistree Technology Inc.

(in Canadian Dollars)

Condensed Interim Consolidated Statement of Cash Flows (unaudited)

Nine months ended March 31,	2024	2023
OPERATING ACTIVITIES		
Loss for the period	\$ (709,516)	\$ (1,045,184)
Items not affecting cash:		
Depreciation	-	42,416
Accrual of interest payable	26,072	21,039
Unpaid interest settled with common shares	514,593	387,072
Gain on interest settlement	(455,841)	(304,336)
Accretion of convertible debentures	259,881	249,124
Accretion of lease (net)	-	619
Foreign exchange	-	(27,494)
Gain on disposal of asset held-for-sale	-	(85,239)
Change in fair value of investment through profit or loss	48,371	(180,053)
Changes in non-cash working capital items:		
Receivables and prepaids	28,147	29
Accounts payable and accrued liabilities, and due to related parties	13,479	223,119
Cash used in operating activities	(274,814)	(718,888)
INVESTING ACTIVITIES		
Investments	-	(299,130)
Proceeds from disposal of investments	-	22,245
Proceeds from disposal of assets held for sale	-	677,035
Cash provided (used) in investing activities	-	400,150
FINANCING ACTIVITIES		
Lease payments made	-	(85,170)
Lease payments received	-	85,170
Cash provided by (used in) financing activities	-	-
Change in cash and cash equivalents during the period	(274,814)	(318,738)
Cash and cash equivalents, beginning of period	623,789	1,047,982
Cash and cash equivalents, end of period	\$ 348,975	\$ 729,244
Cash paid for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
Cash and cash equivalents comprise:	2024	2023
Cash	\$ 348,975	729,244
Cash equivalents	-	-
	\$ 348,975	729,244

Supplemental disclosure with respect to cash flows (Note 11)

Chemistree Technology Inc.

(in Canadian Dollars)

Condensed Interim Consolidated Statement of Changes in Equity (unaudited) For the nine months ended March 31,

	Number of shares	Share capital	Equity reserves	Deficit	Total
Balance, June 30, 2022	49,666,846	\$ 19,282,490	\$ 3,668,057	\$ (28,914,454)	\$ (5,963,907)
Shares issued upon debenture conversions	596,000	299,512	(21,021)	-	278,491
Shares issued in lieu of cash interest payments	7,741,464	82,737	-	-	82,737
Loss for the period	-	-	-	(1,045,184)	(1,045,184)
Balance, March 31, 2023	58,004,310	\$ 19,664,739	\$ 3,647,036	\$ (29,959,638)	\$ (6,647,863)
Balance, June 30, 2023	65,495,310	\$ 19,706,694	\$ 3,647,036	\$ (30,261,135)	\$ (6,907,405)
Shares issued upon debenture conversions	1,646,000	801,638	(58,054)	-	743,584
Shares issued in lieu of cash interest payments	10,291,861	116,806	-	-	116,806
Loss for the period	-	-	-	(709,516)	(709,516)
Balance, March 31, 2024	77,433,171	\$ 20,625,138	\$ 3,588,982	\$ (30,970,651)	\$ (6,756,531)

Chemistree Technology Inc.

Notes to the Condensed interim consolidated financial statements (unaudited)

For the nine months ended March 31, 2024 and 2023

(in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Chemistree Technology Inc. (the “Company”) was incorporated in the Province of British Columbia on March 14, 2008, under the Business Corporations Act of British Columbia. The Company’s head office and registered and records office is located at Suite 208 – 828 Harbourside Drive, North Vancouver, British Columbia.

The Company is a venture capital investment company whose strategy is to focus on opportunistic investments across a broad range of industries, and is seeking to invest in early stage, promising companies where it may be the lead investor and can additionally provide investees with advisory services, mentoring and access to the Company’s management expertise. The Company operates as an investment company, rather than an investment fund. The Company seeks to invest wherever practicable for the purpose of being actively involved in the management of any target company in which it invests, including seeking board representation or board observation rights.

These unaudited condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. These unaudited condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The ability of the Company to continue to operate as a going concern is dependent on its ability to generate profitable operations and positive cash flows. As at March 31, 2024, the Company has an accumulated deficit of \$30,970,651. To date, the Company has generated no revenues from operations and will require additional funds to meet ongoing obligations and investment objectives. The Company does not have sufficient working capital to repay the convertible debentures if they are not converted prior to maturity in 2024 (see Notes 8 and 16). These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern.

The Company’s future capital requirements will depend on many factors, including the operating and capital costs of locating, researching, developing, and acquiring investments that comply with its investment strategy. The Company’s anticipated operating losses and increasing working capital requirements will require that it obtain additional capital to continue operations. The Company will depend almost exclusively on outside capital. Such outside capital may include the sale of additional shares. There can be no assurance that capital will be available as necessary to meet ongoing obligations and operating objectives or, if the capital is available, that it will be on terms acceptable to the Company. These conditions and uncertainties may cast significant doubt as to the Company’s ability to continue as a going concern. The issuances of additional equity securities by the Company may result in significant dilution to the equity interests of its current shareholders. Obtaining commercial loans, assuming those loans would be available, would increase the Company’s liabilities and future cash commitments.

2. BASIS OF PREPARATION

Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). The financial statements follow the same accounting policies and methods of application as our most recent annual financial statements and do not include all of the information required for full annual financial statements. Accordingly, they should be read in conjunction with our IFRS financial statements for the fiscal year ended June 30, 2023. The accounting policies applied in these unaudited condensed interim consolidated financial statements are based on International Financial Reporting Standards (“IFRS”) issued and outstanding as of May 15, 2024, the date the Board of Directors

Chemistree Technology Inc.

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approved these unaudited condensed interim consolidated financial statements, and they are consistent with those disclosed in the annual financial statements.

Basis of Measurement

These condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. These condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company.

Principles of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries, with intercompany balances and transactions eliminated on consolidation. Subsidiaries are those entities over which the Company has control, which exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity and is exposed to the variable returns from its activities. As of March 31, 2024, the Company has control of one subsidiary - American CHM Investments Inc.

Effective July 17, 2018, the Company incorporated American CHM Investments Inc. ("American CHM"), under the laws of the State of Delaware.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as those used in the preparation of the audited consolidated financial statements for the year ended June 30, 2023.

Cash and cash equivalents

The Company considers all highly liquid instruments, generally with a maturity of three months or less at the time of issuance, to be cash equivalents.

Critical accounting estimates and judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements are discussed below:

Judgments:

The preparation of these consolidated financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 1.

Chemistree Technology Inc.

Notes to the Condensed interim consolidated financial statements (unaudited)

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Classification of non-current assets (or disposal groups) as held for sale

Management applies significant judgements in determining that non-current assets or disposal groups are available for immediate sale in their present condition, subject only to terms that are usual and customary for the sales of such assets, and that the sale is highly probable. These conditions must be satisfied in order to classify a non-current asset or disposal group as held for sale.

Collectability of receivables

In order for management to determine expected credit losses in accordance with IFRS 9, we are required to make estimates based on historical information related to collections, in addition to taking the current condition of our customers credit quality into account.

Estimates:

Impairment and useful lives of long-lived assets

The Company assesses long-lived assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, or at least annually. The assessment of any impairment is dependent upon estimates of recoverable amounts that take into account factors such as location and condition of the asset, economic and market conditions, the useful lives of assets, and their related salvage values. The estimated useful lives of equipment are reviewed by management and adjusted if necessary. To estimate equipment's useful life, management must use its past experience with the same or similar assets, and review industry practices for similar pieces of equipment.

Valuation of investments

The Company recognizes and carries its investments at fair value. Fair value is determined on the basis of market prices from independent sources, if available. If there is no market price, then the fair value is determined by using valuation models with inputs derived from observable market data where possible, but where observable data is not available, judgment is required to establish fair values. There is inherent uncertainty and imprecision in estimating the factors that can affect fair value, and in estimating fair values generally, when observable data is not available. Changes in assumptions and inputs used in valuing financial instruments could affect reported fair values.

Deferred income taxes

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. At the end of each reporting period, the Company reassesses unrecognized income tax assets.

Basic and diluted loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

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Financial instruments

Financial assets:

Financial assets are classified at initial recognition as either: amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVTOCI"). The classification depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

Fair value through profit or loss – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise.

Fair value through other comprehensive income ("FVTOCI") - Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost - A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Financial liabilities:

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest rate method.

The Company has classified its cash and cash equivalents and investment as fair value through profit and loss. The Company's accounts payable and accrued liabilities, due to related parties, interest payable, convertible debentures, and notes payable are classified as other financial liabilities.

Property and Equipment

Property and Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is provided at rates calculated to amortize the cost of the item, less its estimated residual value, using the diminishing balance method over its expected period of use by the Company. Estimated useful lives are reviewed by management and adjusted if necessary. Depreciation does not apply to real property. The Company's equipment is depreciated at a rate of 10%.

Chemistree Technology Inc.

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Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to profit or loss during the period they are incurred.

Leases

Right-of-use-assets:

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over a time period based on the shorter of their estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities:

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets:

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Sub-leases:

When the Company subleases a right-of-use asset, the Company classifies the sublease as an operating lease if the head lease is a short-term lease. Otherwise, the sublease is classified as a finance lease. When the sublease is classified as a finance lease, the lessor derecognizes the right-of-use asset pertaining to the head lease that it transfers to the sublessee, at the commencement date, but continues to account for the original lease liability. The sublessor recognizes a net investment in sublease and evaluates it for impairment and may use the discount rate in the head lease to measure the net investment in sublease. The Company recognizes finance income on the net investment in sublease, and also records income relating to variable lease payments not included in the measurement of the net investment in the lease.

Share Capital

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company, in addition to the

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proportionate amount of equity reserves originally created at the issuance of the stock options or warrants. Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from the issuance of units are allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to common shares based on the fair value of a common share at the issuance date of the unit offering and any residual remaining is allocated to common share purchase warrants. All professional fees and commissions incurred directly with the issue of the Company's shares are charged directly to share capital as share issue costs. Warrants issued to agents in connection with a financing are recorded at fair value and charged to share capital as a share issue cost an offsetting entry to equity reserves within shareholders' equity.

Foreign exchange

The functional and reporting currency of the Company and its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions denominated in other currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction date. Carrying values of monetary assets and liabilities denominated in foreign currencies are adjusted at the statement of financial position date to reflect exchange rates prevailing at that date. Non-monetary assets and liabilities are translated at historical exchange rates. Gains and losses on translation are included in determining profit or loss for the year.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Impairment of non-financial assets

At each financial position reporting date the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use, which is the present value of future cash flows expected to be derived from 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 the profit or loss for the year.

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For the purposes of impairment testing, individual assets are allocated to cash-generating units. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Share-based payments

The fair value of stock options granted is recognized as share-based payment expense with a corresponding increase in equity reserves. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest. In situations where equity instruments are issued to consultants and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement or reclamation of equipment. The net present value of cost estimates is capitalized to the related assets along with a corresponding increase in the provision in the year incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of provisions could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the year.

Assets held for sale

Non-current assets held for sale and disposal groups are presented separately in the current section of the statement of financial position when management is committed to immediately sell the asset or disposal group in its present condition, and this distribution is highly probable and expected to be completed within one year. Immediately before the initial classification of the asset and disposal groups as held for sale, the carrying amounts of the assets, or all the assets and liabilities in the disposal groups, are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets classified as held for sale are not depreciated or amortized, however interest and other expenses attributable to the liabilities of the disposal group continue to be recognized. Upon sale of the disposal group, a gain or loss is recognized in profit and loss as the difference between the fair value of the consideration received and the carrying amount of the disposal group on the date of derecognition.

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New Accounting Standards

Certain accounting standards or amendments to existing accounting standards that have been issued and adopted, did not have a significant impact on the Company's financial statements.

IAS 1 – “Presentation of Financial Statements”

The IASB issued an amendment to IAS 1, Presentation of Financial Statements to clarify one of the requirements under the standard for classifying a liability as non-current in nature, specifically the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendment includes: (i) specifying that an entity's right to defer settlement must exist at the end of the reporting period; (ii) clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement; (iii) clarifying how lending conditions affect classification; and (iv) clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments. This standard was effective for the Company commencing as of July 1, 2023.

IAS 8 – “Definition of Accounting Estimates”

In February 2021, the IASB issued 'Definition of Accounting Estimates' to help entities distinguish between accounting policies and accounting estimates. This standard was effective for the Company as of July 1, 2023.

IAS 12 – “Income Taxes”

The Company will adopt amendments to IAS 12, 'Income taxes', the amendment requires companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. This standard was effective for the Company as of July 1, 2023.

4. ASSETS AND LIABILITIES HELD FOR SALE

Washington Assets

The Washington Assets were a group of assets the Company acquired in 2018, consisting primarily of equipment, a commercial lease and a sub-lease agreement, which were operated through the Company's wholly owned Chemistree Washington subsidiary.

In 2022, a Share Purchase Agreement with an arms-length party, whereby the Company sold 100% of Chemistree Washington to the other party in exchange for consideration of US\$500,000 (\$677,035) was entered into. Additionally, terms included the transfer of a Tier 3 recreational marijuana producer/process license, from the Company's sub-lessee to the purchaser. This agreement closed on December 30, 2022.

In a prior period, the Washington Assets were classified as a disposal group held for sale at June 30, 2022.

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As at	Dec 30, 2022	June 30, 2022
ASSETS		
Cash	\$ -	\$ 7,481
Accounts Receivable	39,010	69,058
Prepaid Expenses	26,584	26,588
Investment in Leases - Current	154,105	138,567
Equipment	848,312	848,312
Investment in Leases – Non Current	83,840	155,173
Sub-total	1,151,851	1,245,179
Change in fair value of assets available for sale	(258,858)	(301,681)
Assets held for sale	892,993	943,498
LIABILITIES		
Accounts Payable and Accrued Liabilities	6,590	6,897
Lease Liability – Current	153,102	137,312
Lease Liability – Non Current	83,685	154,726
Liabilities held for sale	243,377	298,935
Met assets held for sale	649,616	644,563
Impact of FX on proceeds	27,419	
NET REALIZABLE VALUE	677,035	

DHS Land

On August 7, 2018, through its previously wholly owned California subsidiary, CHM Desert LLC, the Company purchased 9.55 acres of vacant land in the city of Desert Hot Springs, Riverside County, California. Consideration for the purchase was USD \$1,233,800. The land was held for development purposes.

On July 22, 2021, the Company completed the sale of the DHS Land for gross proceeds of US\$1,957,000 (\$2,216,095) at which time the carrying amount was \$1,558,385, resulting in a gain on sale of \$657,710. In conjunction with the sale, the Company negotiated a back-in option agreement with the purchaser, such that as the purchaser advances the construction of the project, the Company has the unilateral option to acquire a new 16,460-square-foot cannabis production and processing building at a predetermined price. As this price approximates market value, the Company did not assign any value to the option.

5. NOTES PAYABLE

Effective July 17, 2017, the Company issued unsecured Promissory Notes (the “Notes”) to arm’s length parties, and a former related party, for borrowings from those parties. The Notes mature on July 17, 2027, and bear interest at the Canadian prime rate plus 0.5% per annum, payable annually.

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	Principal \$
Balance, June 30, 2022	443,959
Additions	-
Balance, June 30, 2023	443,959
Additions	-
Balance, March 31, 2024	443,959

As at March 31, 2024, accrued and unpaid interest on these Notes amounts to \$134,942 (June 30, 2023 year-end \$108,870), which is presented as interest payable.

6. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and Officers.

During the periods ended March 31, 2024 and 2023, the Company entered into transactions with key management personnel and related parties as follows:

Related party	Nature of transactions
Pacific Equity Management Corp. ("PEMC")	Rent and shared office expenses commenced under a separate agreement on July 1, 2017.
Contact Financial Corp. ("CFC")	Investor relations and communication services commenced under separate agreement on July 10, 2018.
Sheldon Aberman ("Aberman"), former director	Fees for services provided by a former Director. Investment in ACS, a company of which he is an officer (Note 16)
Nicholas Zitelli ("Zitelli"), former director	Investment in ACS, a company of which he is an officer (Note 16)

The aggregate value of transactions involving key management personnel were as follows:

	2024	2023
Management fees ⁽¹⁾	\$ 270,000	\$ 270,000

⁽¹⁾ Effective March 1, 2021, agreements were executed with the CEO and President provides services at \$10,000 per month; the CFO/Secretary at \$10,000 per month; and the VP Corporate Development at \$10,000 per month. All of the March 1, 2021 agreements can be terminated by either party with six months' notice.

The aggregate value of transactions with other related parties were as follows:

	2024	2023
Rent (general and administrative) ⁽²⁾	\$ 22,500	\$ 22,500

⁽²⁾ The Company is required to pay \$2,500 per month to PEMC (2020: \$2,500 per month). The agreement with PEMC can be terminated by either party with six months' notice.

The aggregate value of transactions with other related parties were as follows:

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	2024	2023
Marketing (general and administrative) ⁽³⁾ (Note 15)	\$ -	\$ 32,400

⁽³⁾ Company is required to pay \$3,600 per month to CFC effective March 1, 2021.

The aggregate value of transactions with other related parties were as follows:

	2024	2023
Management fees ⁽⁴⁾	\$ -	\$ 215,485

⁽⁴⁾ The Company was required to pay \$US 24,000 per month to Aberman until February 28 2021. Effective March 1, 2021, the monthly amount was reduced to US\$18,000 per month for third party consulting services. Effective December 31, 2023, the Company negotiated the termination of this agreement as of June 30, 2023.

7. SHARE CAPITAL AND EQUITY RESERVES

a) Authorized: Unlimited common shares without par value

b) Issued common shares

Period ended March 31, 2024:

The Company issued 10,291,861 common shares in lieu of cash pursuant to the convertible debt interest obligation of the Company representing \$514,593.

The Company issued 1,646,000 common shares pursuant to the conversion of 823 convertible debentures representing \$823,000 in debt obligation of the Company. Upon this conversion, \$801,638 was reclassified from convertible debentures and equity reserves to share capital.

Year ended June 30, 2023:

The Company issued 15,232,464 common shares in lieu of cash pursuant to the convertible debt interest obligation of the Company representing \$761,623.

The Company issued 596,000 common shares pursuant to the conversion of 298 convertible debentures representing \$298,000 in debt obligation of the Company. Upon this conversion, \$299,512 was reclassified from convertible debentures and equity reserves to share capital.

c) Warrants:

As at December 31, 2023, no warrants were outstanding and exercisable.

d) Options:

The Company has a Stock Option Plan (the "Plan") that allows it to give to eligible persons, as additional compensation, the opportunity to participate in the success of the Company by granting to such individuals stock options, exercisable over periods of up to five years, as determined by the board of directors of the Company, to buy shares of the Company at a price equal to the market price prevailing on the date the stock option is granted less applicable discount, if any, permitted by the policies of the Canadian Securities Exchange and approved by the Board. The maximum number of Shares which may be issuable pursuant to options granted under the Plan shall be that number equal to 10% of the Company's issued share capital from time to time.

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	Options	Weighted Average Exercise Price \$
Balance, June 30, 2023 and 2022	2,300,000	0.38
Expired/terminated	(650,000)	0.19
Balance, March 31, 2024	1,650,000	0.39

As at March 31, 2024, the following stock options were outstanding and exercisable:

Number	Exercise Price	Expiry Date	Remaining Contractual Life (in years)
1,000,000	\$0.60	April 5, 2024	0.01
650,000	\$0.06	April 9, 2025	1.02

These options entitle the holder thereof the right to acquire one common share for each option held. The weighted average remaining life of the outstanding stock options is 0.41 years.

8. CONVERTIBLE DEBENTURE (see Note 16)

On March 29, 2019, the Company completed a short form prospectus offering and a concurrent private placement of 10% unsecured debenture units (the "Debenture Units") of the Company, for total gross proceeds of \$10,830,000.

Each debenture is convertible at the option of the holder into common shares of the Company at a conversion price of \$0.50 per common share, subject to adjustment in certain events. Upon conversion, holders will receive accrued and unpaid interest up to and including the date of conversion. The debentures have an amended maturity date of March 29, 2024 (see below) at which time repayment is required if not previously converted to common shares.

On January 17, 2022, (the "effective date"), the Company entered into a Supplemental Indenture agreement with the Debenture Trustee, Odyssey Trust Company. Under the Supplemental Indenture the terms of the convertible debenture were changed to provide for the Company, in its sole discretion, to pay the interest due on the debentures in cash or through the issuance of its common shares at the higher of the market price of the common shares in effect on the date of the common share interest payment election notice, and \$0.05 per share; and to extend the term of the convertible debentures by twenty-four (24) months to March 29, 2024. All other terms of the debentures under the Indenture remain unchanged.

During the period ended March 31, 2024, the Company incurred interest expense on the debentures of \$514,593 (2023 - \$571,783). Effective March 29, 2024, the debentures matured and the principal remains unpaid.

Continuity of the convertible debentures as shown below:

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	Liability Component		Deferred income tax liability Component	Equity Component
	Face Value	Carrying Value		Carrying Value
Balance as at June 30, 2022	\$ 7,789,000	\$ 7,150,159	\$ -	\$ 1,118,985
converted accretion	(1,403,000)	(1,287,547)	-	(102,393)
	-	474,608	-	-
Balance as at June 30, 2023	\$7,491,000	\$7,209,757	\$ -	\$1,097,964
converted accretion	(823,000)	(801,638)	-	(58,054)
	-	259,881	-	-
Balance as at March 31, 2024	\$ 6,668,000	\$ 6,668,000	\$ -	\$ 1,039,910

9. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to pursue and complete the identification and evaluation of assets, properties, investments or businesses with a view to acquisition or participation in a transaction where it may be the lead investor and can additionally provide investees with advisory services, mentoring and access to the Company's management expertise, to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital is comprised of the Company's shareholders' equity. There were no changes made to the Company's capital management approach during the years presented.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or adjust the amount of cash and cash equivalents.

The Company operates as an investment company, rather than an investment fund. The Company seeks to invest wherever practicable for the purpose of being actively involved in the management of any target company in which it invests, including seeking board representation or board observation rights.

10. FINANCIAL INSTRUMENTS, FAIR VALUE MEASUREMENT AND RISK

a) Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, investment, accounts payable and accrued liabilities, interest payable, notes payable, and convertible debenture.

b) Fair Value Measurements

Fair value is 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. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values, as follows:

- Level 1 – quoted prices (unadjusted) 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., derived from prices); and

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- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of cash and cash equivalents are determined based on Level 1 inputs which consist of quoted prices in active markets for identical assets. The carrying values of receivables, note receivable, accounts payable and accrued liabilities, interest payable, notes payable, and convertible debenture all approximate their fair values.

The fair value of the Investment is determined based on Level 1, 2 and 3 inputs, described in Note 14.

c) Financial Risks

(i) Credit Risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's maximum exposure to credit risk is \$356,160, consisting of cash and cash equivalents. The Company limits its exposure to credit loss for cash and cash equivalents by placing such instruments with high credit quality financial institutions. The values of these instruments may exceed amounts insured by an agency of the Government of Canada. In management's opinion, the Company's credit risk related to these instruments, is low.

(ii) Liquidity Risk (see Notes 5 and 8)

The Company's approach to managing liquidity risk is to ensure that it will have sufficient financial resources to meet liabilities when due. As at March 31, 2024, the Company had a working capital deficit of \$6,562,353. Except for notes payable and convertible debentures, all of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. As at March 31, 2024, the Company has insufficient working capital to discharge its existing financial obligations, refer to Note 1 for detail regarding going concern.

Below are the carrying amounts of the Company's convertible debt and note payables during the period:

	Principal \$
2024	6,668,000
2027	443,959
Total	7,111,959

(iii) Interest Rate Risk

The Company is subject to interest rate risk as its cash and cash equivalents, notes payable bear interest at variable rates; and its convertible debentures at a fixed rate. The impact of a 1% change in interest rates would have an insignificant impact on the Company's profit or loss.

(iv) Foreign Currency Risk

Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Amounts subject to currency risk are primarily cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities denominated in United States dollars. A 10% change in foreign exchange rates is expected to have a US\$17,800 impact on the Company's profit or loss.

(v) Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. As at March 31, 2024, the Company is exposed to this risk with respect to its Investments. A 10% increase/decrease in the price of Investments would impact net loss by approximately \$25,000.

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11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the period ended March 31, 2024, the Company:

- Reclassified \$801,638 into share capital from convertible debentures and \$58,054 from equity reserves upon conversion of debentures (Note 8).

During the period ended March 31, 2023, the Company:

- Reclassified \$299,512 into share capital from convertible debentures and \$21,021 from equity reserves upon conversion of debentures (Note 8).

12. SEGMENTED INFORMATION

The Company operates in one reportable segment, being the business of investment in early stage companies. As at March 31, 2024 and 2023, with the exception of one investment (Note 14) held in Canada, all the Company's non-current assets were located in the United States.

13. COMMITMENTS

Effective July 10, 2018, the Company entered into a consulting agreement with Contact Financial Corp. ("CFC") to provide investor relations and communication services.

As at March 31, 2024, the Company's commitments are as follows:

- CEO and President \$10,000 per month for management services
- CFO and Secretary \$10,000 per month for management services
- VP Corporate Development \$10,000 per month for management services
- Accountant \$5,500 per month for accounting services
- PEMC \$2,500 per month for rent and office services

14. INVESTMENTS

The Company's equity investments are comprised of investments in common shares of Canadian publicly traded and non-public companies. The Company measures its equity investments at fair value through profit or loss ("FVTPL"). The cost and fair values of the equity investments at March 31, 2024 and the June 30, 2023 year-end are as follows:

	March 31, 2024	June 30, 2023
Opening Balance	298,152	73,081
Additions	-	299,130
Disposals	-	(32,647)
Change in fair value	(48,371)	(41,412)
Ending Balance	\$ 249,781	\$ 298,152

- a) In a prior period, Chemistree invested \$200,000 into an Ontario limited partnership ("ONLP") formed to invest in long/short equity opportunities for both potential upside and downside expected price moves. The ONLP seeks to generate risk-adjusted returns through investment in companies with durable competitive advantages. ONLP's fair value will be measured monthly through Level 2 inputs.

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	March 31, 2024	June 30, 2023
Cost	(\$200,000)	(\$200,000)
Fair value (Level 2 inputs) 200 units	<u>164,818</u>	<u>179,222</u>
Unrealized (loss)	(\$ 35,182)	(\$ 20,778)

- b) In a prior period, the Company acquired 123,000 common shares of PlantFuel Life Inc. ("FUEL"), a Canadian Securities Exchange listed issuer. The Company invested \$99,130 pursuant to a market transaction related to FUEL's private placement of equity. According to the Company's accounting policies, investments must be recorded at fair value. The Company records the FUEL investment as follows:

	March 31, 2024	June 30, 2023
Cost	(\$ 78,978)	(\$ 99,130)
Disposal (25,000 shares)	-	20,148
Fair value (Level 1 inputs)	<u>980</u>	<u>5,880</u>
Unrealized (loss)	(\$ 77,998)	(\$ 73,102)

- c) In a prior period, the Company completed a Subscription Agreement with Philippine Metals Inc. ("PHI"), a TSX Venture Exchange listed issuer. The Company invested \$174,000 in the PHI private placement of Subscription Receipts at \$0.50 per Subscription Receipt. PHI's private Placement was conducted pursuant to PHI's reverse takeover transaction with ReVolve Renewable Power Ltd ("ReVolve"). On March 8, 2022, the reverse takeover was completed, and the Subscription Receipts were converted into shares and warrants of Revolve. Effective March 17, 2022, the common shares of Revolve were listed on the TSX Venture Exchange under the trading symbol: REVV. Pursuant to the Company's accounting policies, investments must be recorded at fair value. The Company records the REVV investment as follows:

	March 31, 2024	June 30, 2023
Cost	(\$ 161,500)	(\$ 174,000)
Disposal (25,000 shares)	-	12,500
Fair value (Level 1 inputs)	<u>83,980</u>	<u>113,050</u>
Unrealized (loss)	\$ (77,520)	\$ (48,450)

- d) During the year ended June 30, 2021, the Company completed an investment into ImmunoFlex Therapeutics Inc. ("ImmunoFlex"). The definitive investment agreement includes Chemistree's initial common share purchase of \$500,000, together with Chemistree being granted a gross sales royalty on ImmunoFlex's North American sales. In addition, ImmunoFlex has now appointed Chemistree's Chief Financial Officer to ImmunoFlex's board of directors. Chemistree is also entitled to anti-dilution pre-emptive rights regarding its share ownership. ImmunoFlex's products are targeted at prevention and treatment of viruses and improving vaccine effectiveness by safely improving immunity biomarkers and enhancing the immune system as it actively responds to disease.

To date, there has been no valuation of ImmunoFlex or its equity completed and no financial information made available. Management has determined to impair this investment as it has not changed since its initial acquisition because the company's progress has not advanced. Absent any other information being available, the ImmunoFlex investment's fair value as at March 31, 2024 and June 30, 2023, was deemed to be a nominal value of \$1.

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15. NOTE RECEIVABLE

In a prior period, based upon management's assessment of collectability - the Company impaired a Promissory Note related to the operations of the Washington Assets to \$nil. The Note was assigned to the Company with a face value of \$350,000.

As a result of the sale of the Washington Assets, the Company retained counsel and commenced litigation to pursue recovery of value for the Note. On March 9, 2023, the Company's subsidiary American CHM Investments Inc. filed an Answer, Counterclaim and Cross Claim in Case No. 23-2-01552-31 in the Superior Court of the State of Washington for Snohomish County related to the overdue Promissory Note (in default) due to American CHM from the former operator of the Washington Assets. Effective May 13, 2023, the Company entered into a Settlement Agreement and Mutual Release regarding the pending litigation pertaining to the overdue Promissory Note (in default), for a recovery to the Company of \$270,000 (US\$200,000).

As at March 31, 2024, the full amount of the recovery amount was received (June 30, 2023, US\$80,000 received). The balance of US\$120,000 (C\$158,986) of the recovery has been booked in the current period against the impairment recorded in a prior period.

16. EVENTS AFTER THE REPORTING PERIOD

- a) On April 5, 2024, stock options to acquire 1,000,000 common shares at \$0.60 per share expired, unexercised.
- b) On April 26, 2024, at a reconvened Extraordinary Meeting of Debenture Holders (Note 8) two resolutions were adopted to approve the following:
 - (i) approval of the repayment of all of the issued and outstanding debentures in the aggregate principal amount of up to \$6,837,000 and extinguishment of all the debenture holders' rights and claims under the debentures by way of issuance of common shares in the capital of the company on the basis of a price of one cent per common share, all as more fully described in the information circular of the company dated March 12, 2024;
 - (ii) granting the right and authorizing Odyssey Trust Company to accept or consent on behalf of the debenture holders to any plan of reorganization or restructuring transaction that may be made in any bankruptcy, liquidation, restructuring or other insolvency proceeding relative to the company, by taking action of any character in such proceeding without any further extraordinary resolution being required prior to such acceptance or consent being granted.
- c) On April 30, 2024, the shareholders of the Company convened in an Annual General and Special Meeting. At the meeting the shareholders ratified and adopted resolutions to approve the following:
 - All of the nominees for election as directors of the company listed in the company's information circular dated April 1, 2024, were elected for the ensuing year. Douglas E. Ford, Karl Kottmeier, Adam B. Ho and Robin Gamley were all elected as directors of the Company.
 - (i) the shareholders approved the appointment of Davidson & Company LLP as auditor of the Company for the ensuing year and authorized the directors of the company to fix their remuneration.
- d) On May 10, 2024, the Company effected the debenture restructuring. Pursuant to the Restructuring Transaction, all of the Debentures were settled and all claims of the holders of the \$6,668,000 debentures were extinguished in exchange for the issuance of an aggregate of 666,800,000 common shares in the capital of the Company at a price of \$0.01 per common share.