The Good Flour Corp.

Consolidated Financial Statements

Expressed in Canadian Dollars

For the Years Ended June 30, 2023 and 2022

Independent Auditor's Report

To the Shareholders of The Good Flour Corp.

Opinion

We have audited the consolidated financial statements of The Good Flour Corp. (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements, which indicates that the Company incurred a net loss of $6,114,700 during the year ended June 30, 2023, and, as of that date, the Company's current liabilities exceeded its current assets by $817,113. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is David Goertz.

Yours truly,

Dmcl.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

November 2, 2023

The Good Flour Corp.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at June 30, 2023 and June 30, 2022

(Expressed in Canadian Dollars)

	Note	June 30, 2023	June 30, 2022
Assets			
Current assets:			
Cash		$ 187,193	$ 1,343,681
Restricted cash		50,000	50,000
Amounts receivable	7	160,185	208,836
Prepaid expenses and deposits		36,834	42,756
Inventory	8	299,634	90,434
Total current assets		733,846	1,735,708
Non-current assets:			
Right of use asset	10	150,308	311,481
Property and equipment	9	280,992	709,320
Total Assets		**$ 1,165,146**	**$ 2,756,508**
Liabilities and Shareholders' Equity (Deficiency)			
Current liabilities:			
Accounts payable and accrued liabilities	12	$ 1,351,802	$ 975,614
Lease liability	10	132,268	204,182
Loan payable	14	66,889	-
Total current Liabilities		1,550,959	1,179,796
Non-current liabilities:			
Loan payable	14	-	57,372
Lease liability	10	30,260	116,030
Convertible debentures	15	283,775	475,365
Total Liabilities		**$ 1,864,994**	**$ 1,828,563**
Shareholders' Equity (Deficiency)			
Common shares	16	$ 7,521,322	$ 3,615,291
Reserves		3,572,408	2,991,532
Deficit		(11,793,578)	(5,678,878)
Total Shareholders' Equity		**$ (699,848)**	**$ 927,945**
Total Liabilities and Shareholders' Equity		**$ 1,165,146**	**$ 2,756,508**

Nature of operations and going concern (Note 1 and 2)
Subsequent events (Note 24)

Approved on November 2, 2023 by the directors:

"OLEN AASEN" "HAMID SALIMIAN"

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

The Good Flour Corp.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the Years Ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

		For the year ended June 30	
		2023	**2022**
	Note		
Revenue	18	$ 1,189,497	$ 481,407
Cost of Sales	19	(2,048,266)	(612,249)
Gross Margin		(858,769)	(130,842)
Expenses			
Operating expenses:			
Depreciation	9,10	141,630	70,548
Finance costs	10,14,15	57,059	61,177
General and administrative	19	1,637,355	1,328,026
Sales and marketing	19	2,461,624	375,062
Share-based compensation	6, 16	321,046	383,657
Total expenses		4,618,714	2,218,470
Net loss before other items		$ (5,477,483)	$ (2,349,312)
Other items			
Foreign exchange gain (loss)		(26,966)	54,079
Impairment of goodwill and intangible assets	11	-	(610,598)
Impairment of property and equipment	9	(603,043)	(115,549)
Listing expense	5	-	(2,422,483)
Loss on settlement of accounts payable	16	(12,766)	-
Loss on settlement of convertible debentures	15	-	(31,989)
Other items		5,558	-
Loss from continuing operations		**$(6,114,700)**	**$(5,475,852)**
Net loss from discontinued operations	17	-	(69,332)
Net loss and comprehensive loss for the year		**$(6,114,700)**	**$(5,545,184))**
Loss per share – basic and diluted		**$0.08**	**$0.10**
Weighted average number of common shares		**68,807,531**	**63,284,468**

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

The Good Flour Corp.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For Years Ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

			Reserves						
	Common Shares	Amount ($)	Shares Issuable ($)	Stock Options ($)	Warrants ($)	Contributed Surplus ($)	Total Reserve ($)	Deficit ($)	Total ($)
Balance, June 30, 2021	**34,000,000**	**474,000**	**-**	**-**	**376,000**	**-**	**376,000**	**(133,694)**	**716,306**
Shares issued for cash	26,075,000	2,788,250	-	-	2,226,750	-	2,226,750	-	**5,015,000**
Issuance of convertible debentures	-	-	-	-	-	72,476	72,476	-	**72,476**
Shares deemed issued reverse takeover	3,209,468	353,041	-	-	-	-	-	-	**353,041**
Warrants deemed issued reverse takeover	-	-	-	-	2,000	-	2,000	-	**2,000**
Stock options deemed issued on reverse takeover	-	-	-	3,125	-	-	3,125	-	**3,125**
Convertible debt deemed issued on reverse takeover	-	-	-	-	-	17,653	17,653	-	**17,653**
Repayment of convertible debt	-	-	-	-	-	(17,653)	(17,653)	-	**(17,653)**
Share-based compensation	-	-	-	311,181	-	-	311,181	-	**311,181**
Comprehensive loss for the year	-	-	-	-	-	-	-	(5,545,184)	**(5,545,184)**
Balance, June 30, 2022	**63,284,468**	**3,615,291**	**-**	**314,306**	**2,604,750**	**72,476**	**2,991,532**	**(5,678,878)**	**927,945**
Convertible debenture conversions	1,093,750	218,750	-	-	-	(47,794)	(47,794)	-	**170,956**
Share-based compensation	-	-	-	284,979	-	36,066	321,045	-	**321,045**
Shares issued for settlement of accounts payable	21,276	12,766	-	-	-	-	-	-	**12,766**
Issuance of units	5,500,713	1,925,250	-	-	-	-	-	-	**1,925,250**
Exercise of warrants	5,350,000	1,749,265	-	-	(461,765)	-	(461,765)	-	**1,287,500**
Warrants expired	-	-	-	-	(2,000)	2,000	-	-	**-**
Restricted stock units issued	-	-	769,390	-	-	-	769,390	-	**769,390**
Comprehensive loss for the period	-	-	-	-	-	-	-	(6,114,700)	**(6,114,700)**
Balance, June 30, 2023	**75,250,207**	**7,521,322**	**769,390**	**599,285**	**2,140,985**	**62,748**	**3,572,408**	**(11,793,578)**	**(699,848)**

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

The Good Flour Corp.

(Formerly LOOPShare Ltd.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

	For the Year ended June	
	2023	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (6,114,700)	$ (5,475,852)
Items not involving cash		
Depreciation	293,226	170,887
Finance costs	50,702	44,415
Share-based payment	321,046	383,657
Restricted share units	769,390	-
Listing expense	-	2,422,483
Loss on settlement of debt	12,766	31,989
Foreign exchange	-	(54,079)
Impairment of goodwill and intangible assets	-	610,598
Impairment of property and equipment	603,043	115,549
Changes in non-cash working capital		
Restricted cash	-	(50,000)
Amounts receivable	48,651	(212,629)
Prepaid expenses and deposits	5,923	(17,892)
Inventory	(209,200)	(80,434)
Accounts payables and accrued liabilities	376,187	(1,031,807)
Cash used in operating activities	$ (3,842,946)	$ (3,143,205)
Net loss	-	(69,332)
Items not involving cash		
Loss on write-down of loans receivable	-	65,643
Changes in non-cash working capital		
Accounts payables and accrued liabilities	-	16,534
Cash provided by discontinued operations	$ -	$ 12,845
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(306,768)	(796,342)
Loans issued	-	81,500
Cash acquired on acquisitions	-	53,562
Cash used in investing activities	$ (306,768)	$ (661,280)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common shares	1,925,250	5,015,000
Repayment of convertible debentures	(43,750)	(337,962)
Exercise of warrants	1,287,500	-
Lease payments	(175,754)	(106,126)
Cash provided by financing activities	$ 2,993,270	$ 4,380,519
Net increase (decrease) in cash	**$ (1,156,488)**	**$ 588,879**
Cash, beginning of the year	$ 1,343,681	$ 754,802
Cash, end of the year	**$ 187,193**	**$ 1,343,681**

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

1. NATURE OF OPERATIONS

The Good Flour Corp., (the "Company" or "GFCO") was incorporated under the provisions of *The Business Corporations Act* (Saskatchewan) on September 25, 2009. On September 4, 2014, the Company completed its continuance to British Columbia under the *Business Corporations Act* (British Columbia). The Company's head office, principal address and the registered and records office are located at 5791 Sidley Street, Burnaby, BC V5J 5E6.

On July 8, 2021, the Company announced the signing of a share exchange agreement whereby it proposed to acquire 100% of the issued and outstanding shares of VGAN Brands Inc. ("VGAN") in exchange for 60,075,000 common shares of the Company (the "VGAN Transaction"). The completion of the VGAN Transaction was contingent on VGAN completing an acquisition (the "Ghetto Transaction") of all issued and outstanding share capital of The Gourmet Ghetto Food Ltd. ("Ghetto"). Ghetto manufactures and distributes a line of healthy, gluten-free and allergen free food products.

On November 4, 2021, VGAN completed the Ghetto Transaction. On November 5, 2021, the Company completed the VGAN Transaction. On November 8, 2021, the Company began trading on the Canadian Securities Exchange ("CSE") under the symbol "GFCO". The VGAN Transaction constituted a Reverse Takeover ("RTO"). The consolidated statements of financial position are presented as a continuance of VGAN.

On December 31, 2021, VGAN and Ghetto were amalgamated under the *Business Corporations Act* (British Columbia).

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements were approved by the Board of Directors on November 2, 2023.

Going Concern

These 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. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. As at June 30, 2023, the Company has not achieved profitable operations, has incurred a net loss of $6,114,700 during the year ended June 30, 2023, and, as of that date, the Company's current liabilities exceeded its current assets by $817,113 and expects to incur further losses in the development of its business. The aforementioned conditions have resulted in material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations to generate funds or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations and management is intending to secure additional financing as may be required, there is no assurance it will be able to do so in the future. These financial statements do not include any adjustments that might result from the outcome of this uncertainty. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amount on its statement of financial position.

2. BASIS OF PREPARATION (continued)

Basis of Measurement

The preparation of financial statements in compliance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. See Note 4 for use of estimates and judgments made by management in the application of IFRS.

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

These financial statements are presented in Canadian Dollars, unless otherwise stated. The Canadian dollar is the functional and presentation currency of the Company.

Basis of Consolidation

These consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control exists when the Company has power over an investee, exposure or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Company's returns.

These consolidated financial statements include the financial statements of the Company and its significant subsidiaries listed below:

Name	Country of Incorporation	Functional Currency	% Equity Interest As at June 30, 2022
Loop Japan KK	Japan	Japanese Yen	100%
1022313 B.C. Ltd.	Canada	Canadian $	100%
Good Flour USA Corp.	Nevada, U.S.A.	US $	100%
The Good Flour Milling Corp.	Canada	Canadian $	100%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Instruments

Initial recognition and measurement

On initial recognition, all financial assets not classified at amortized cost or fair value through other comprehensive income ("FVOCI") are measured at fair value through profit or loss ("FVTPL"). On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss; and
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value net of transaction costs that are directly attributable to its acquisition on the statement of financial position except for financial assets at FVTPL where transaction costs are expensed. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in net loss. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

The Company's financial instruments are classified as follows:

Financial Assets/Liabilities	Classification and Measurement
Cash	FVTPL
Restricted cash	FVTPL
Amounts receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loan payable	Amortized cost
Convertible debentures	Amortized cost

Fair value hierarchy

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the

asset or liability, either directly or indirectly.

Level 3: Inputs for assets or liabilities that are not based on observable market data.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses ("ECL") model on financial assets that are measured at amortized cost. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

An 'expected credit loss' impairment model applies, which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and due to related parties are classified under other financial liabilities and carried on the statement of financial position at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability is modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are recognized in profit or loss.

Cash

Cash in the statements of financial position comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. The Company's cash is invested with major financial institutions in business accounts and is available on demand by the Company for its programs.

Inventory

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase include the purchase price, import duties and non-recoverable taxes, and transport, handling and other costs directly attributable to the acquisition of finished goods, materials or services. The costs of conversion include direct material and labour costs, and a systematic allocation of fixed and variable overheads incurred in converting materials into finished goods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory (continued)

Inventory consists primarily of raw materials, including packaging materials, and finished goods. Inventory is measured at lower of cost, determined on a weighted average basis, and net realizable value. Costs of raw materials include the purchased cost and the costs of finished goods includes costs of materials, labour and packing. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. If the Company determines that the estimated net realizable value of its inventory is less than the carrying value of such inventory, it records a charge to cost of sales.

Property and equipment

Property and equipment are stated at historical cost less accumulated amortization and accumulated impairment losses. Cost includes costs paid to acquire assets from third parties.

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 of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of loss. Amortization is calculated on a straight-line basis as follows:

- Office Equipment – 2-5 years;
- Equipment – 7 years;
- Automobiles – 8 years;
- Leasehold improvements – Lease term; and
- Right of use assets – Lease term.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a lease liability and a right-of-use asset at the lease commencement date. The lease liability is initially measured as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's applicable incremental borrowing rate. The incremental borrowing rate is the rate which the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the Company expects to exercise an option to terminate the lease.

The lease liability is subsequently measured by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The right-of-use asset is initially measured at cost, which comprises the following:

- the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Company; and
- an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The right-of-use asset is subsequently measured at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. It is depreciated in accordance with the Company's accounting policy for property and equipment, from the commencement date to the earlier of the end of its useful life or the end of the lease term. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to net earnings over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share capital

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Warrants that are issued as payment for an agency fee or other transaction costs are accounted for as share-based payments.

Share-based payments

The Company grants share options to acquire common shares of the company to directors, officers, employees, and consultants. The fair value of share-based payments to employees is measured at the grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded vesting method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

For both employees and non-employees, the fair value of share-based payments is recognized as an expense with a corresponding increase in reserves. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in share capital and the related share-based payment in reserves is transferred to share capital.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the medication, is also charged to profit or loss over the remaining vesting period.

When a grant of options is cancelled and settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. The amounts recorded in reserves for unexercised share options are transferred from reserves to deficit upon their expiry or cancellation.

Restricted share units

The restricted share units (“RSUs”) entitle employees, consultants, directors, or officers to either the issuance of common shares or cash payments payable upon vesting based on vesting terms determined by the Company’s Board of Directors at the time of grant. On the grant date of RSUs, the Company determines whether it has a present obligation to settle in cash. If the Company has a present obligation to settle in cash, the RSUs are accounted for as liabilities, with the fair value remeasured at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss for the period. RSUs settled in common shares are measured at the fair value of awards on the grant date using the prior days closing price. Amounts recorded for forfeited unvested RSUs are reversed in the period the forfeiture occurs. The expense is recognized on a graded vesting basis over the vesting period, with a corresponding charge to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loss per share

The Company presents basic and diluted loss per share data 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 earnings per share reflect the potential dilution that could occur if the dilutive securities were exercised or converted to common shares. The dilutive effect of any options and warrants are computed by application of the treasury stock method and the effect of convertible securities by the "if converted" method. 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.

Income tax

Income tax expense comprises current and deferred income tax. Tax is recognized in the income statement except to the extent that it relates to items recognized directly into equity, in which case the related tax effect is recognized in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax expense is calculated using tax rates, laws and government policies that were enacted or substantively enacted at the statements of financial position date.

Deferred tax is accounted for using a temporary difference approach and is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable income. Deferred tax is calculated based on the expected manner in which temporary differences related to the carrying amounts of assets and liabilities are expected to reverse using tax rates and laws enacted or substantively enacted which are expected to apply in the period of reversal.

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination and which do not affect accounting or taxable profit or loss at the time of the transaction.

Impairment of financial assets

The measurement of impairment of financial assets is based on expected credit losses. Accounts receivable that are considered collectable within one year or less are not considered to have a significant financing component and a lifetime expected credit loss ("ECL") is measured at the date of initial recognition of the receivable.

The Company applies the simplified approach to providing for ECL's prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables. In estimating the lifetime expected loss provision, the Company will consider historical industry default rates as well as credit ratings of major customers. The Company does not currently have any financial assets subject to this approach.

Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable potential cash flow generating units ("CGU's"). The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use (being the present value of the expected future cash flows of the CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-financial assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior periods. A reversal of an impairment loss is recognized in the statement of loss and comprehensive loss.

Intangible assets

Intangible assets are recorded at cost less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization of definite life intangible assets is recognized on a straight-line basis over their estimated useful lives.

Goodwill

Goodwill represents the excess of the purchase price in a business combination over the fair value of net tangible assets acquired. Goodwill is not subject to amortization and an impairment test is performed annually or as events occur that could indicate impairment. Goodwill is reported at cost less any impairment.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("CGUs"). To test for impairment, goodwill is allocated to each of the Company's CGUs, groups of CGUs, or an operating segment expected to benefit from the acquisition. Goodwill is tested by combining the carrying amounts of equipment, intangible assets, and goodwill and comparing this to the recoverable amount. Fair value less costs of disposal is price to be received in an orderly transaction between market participants. Value in use is assessed using the present value of the expected future cash flows. Any excess of the carrying amount over the recoverable amount is recorded as impairment. Impairment charges, which are not tax affected, are recognized in the statement of loss and comprehensive loss and are not reversed.

Revenue

To determine whether to recognize revenue, the Company follows a 5-step process:

a) Identifying the contract with a customer;

b) Identifying the performance obligations;

c) Determining the transaction price;

d) Allocating the transaction price to the performance obligations; and

e) Recognizing revenue when/as performance obligation(s) are satisfied.

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognized at a point in time when the Company satisfies performance obligations by transferring the promised goods or services to its customers.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company generates revenue from the sale of gluten-free dry food mixes and frozen pizza shells to distributors, retailers and restaurants. Most of the Company's revenues have a single performance obligation, which is the promise to transfer the individual goods. The Company recognizes revenue from the sale of products upon shipment and when all significant contractual obligations have been satisfied and collection is probable. These criteria are generally met at the time the product leaves the Company's premises and at that point, control has passed to the customer. As the Company acts as the principal in the transaction, revenue is recognized on a gross basis. Revenue is measured based on the price specified in the Company's invoice provided to the customer. Revenue is presented net of discounts provided.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management has made critical judgments in the process of applying accounting policies. The judgments with the most significant effect on the amounts recognized in the financial statements include:

i) The assessment of the Company's ability to continue as a going concern and its ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in Note 2.

ii) The Company must make an assessment of whether trade receivables are collectible from customers. Accordingly, management establishes an allowance for estimated losses arising from non-payment, taking into consideration customer credit, current economic trends and past experience. If future collections differ from estimates, future earnings would be affected.

iii) The Company adjusts inventory values so that the carrying values do not exceed the net realizable value. The valuation of inventory at the lower of cost or net realizable value requires the use of estimates with regards to the amount of current inventory that will be sold, the prices at which it will be sold, and an estimate of expected orders from customers. Additionally, the estimates reflect changes in products or changes in demand because of various factors, including the market for products, obsolescence, change in product offerings, technology changes and competition.

iv) The determination of whether a set of assets acquired and liabilities assumed in an acquisition constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or economic benefits.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

v) The functional currency of each of the Company and its subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determine the primary economic environment.

Significant estimates

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and next fiscal financial years:

i) The Company measures the cost of equity settled transactions with employees and non-employees by reference to the fair value of the related instrument at the date in which they are granted and fair value of services, respectively. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant, which is dependent on the terms and conditions of the grant. In addition, the option pricing models used require management to make various estimates and assumptions in relation to the expected life of the awards, volatility and forfeiture rates. Significant judgement is required in estimating the number of performance shares that are expected to vest. This estimate is subsequently trued up for differences between the number of instruments expected to vest and the actual number of instruments vested.

ii) The determination of fair value of assets acquired, liabilities assumed, and the fair value of the purchase consideration requires the use of various estimates made by management. The classification of a transaction as a business combination or asset acquisition depends on whether the assets acquired constitute a business in accordance with the criteria set forth in IFRS 3, Business Combination, which can be a complex judgement.

The Company bases its estimates and judgments on current facts and various other factors that it believes to be reasonable under the circumstances. The actual results experienced by the Company may differ materially and adversely from the Company's estimates and could affect future results of operations and cash flows.

iii) The Company assesses its equipment, intangible assets, and goodwill, for possible impairment at each reporting date or if there are events or changes in circumstances that indicate the carrying values of the assets may not be recoverable. The recoverability of the Company's asset carrying values is assessed at the CGU level. The determination of CGUs is subject to management judgments taking into consideration: the nature of the underlying business operations, geographical proximity of operations, shared infrastructure, and exposure to market risk.

The assessment of any impairment of property and equipment, right of use assets, intangible assets and goodwill is dependent upon estimates of the recoverable amount that take into account factors such as economic and market conditions, timing of cash flows, the useful lives of assets, and their related salvage values. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is estimated using future cash flow projections, discounted to their present value, expected to arise from the CGU to which the goodwill relates. The required valuation methodology and underlying financial information that is used to determine value in use requires significant estimates to be made by management. These estimates include, but are not limited to, expected levels of activity within the gluten-free food products industry, long term projections of future financial performance and the selection of appropriate discount rates used to determine the present value of future cash flows. The estimated future cash flows are dependent upon a number of factors including, among others, future

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

activity levels within the gluten-free food products industry, current economic and market conditions. Future activity cannot be predicted with certainty and, as such, actual results may differ from these estimates. The fair value less costs of disposal is estimated by obtain fair value of comparable assets. Changes to these estimates may affect the recoverable amounts of the Company's CGUs, which may then require a material adjustment to their related carrying values.

iv) The determination of other provisions and contingent liabilities is a complex process that involves judgments about the outcomes of future events, estimates of timing and amount of future expenditures, the interpretation of laws and regulations, and discount rates. The amount recognized as a provision is management's best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

5. SHARE EXCHANGE AGREEMENT

On November 5, 2021, the Company completed the VGAN Transaction. Pursuant to the share exchange agreement, the Company acquired 100% of the issued and outstanding securities of VGAN by issuing one share of the Company for each share of VGAN.

The VGAN Transaction does not constitute a business combination as the Company did not meet the definition of a business under IFRS 3 Business Combinations. Immediately after the VGAN Transaction, shareholders of VGAN owned approximately 93% of the voting rights of the Company. As a result, the VGAN Transaction has been accounted for as an RTO transaction with the Company being identified as the accounting acquirer and the equity consideration being measured at fair value, using the acquisition method of accounting. These consolidated financial statements are a continuation of the financial statements of VGAN and reflect the assets, liabilities and operations of VGAN since June 30, 2021. For accounting purposes, VGAN is deemed to have acquired the Company as part of the VGAN Transaction. The acquisition did not meet the criteria for a business combination and is therefore treated a recapitalization under the scope of IFRS 2 Share Based Payments.

The consideration consisted of the outstanding shares, warrants and stock options of the Company which were measured at the estimated fair value on the date of acquisition. The fair value of the common shares was determined to be $353,041 based on the fair value of the shares deemed issued (3,209,468 shares at $0.11 per share). The fair value of the VGAN's stock options deemed issued was determined to be $3,125 using the Black Scholes Option Pricing Model based on the following assumptions: stock price volatility - 118%; risk-free interest rate - 0.74%; stock price of $0.11 The fair value of the Company's warrants deemed issued was determined to be $2,000 using the Black Scholes Option Pricing Model based on the following assumptions: stock price volatility - 96.29%; risk-free interest rate - 1.83%; stock price of $0.11 and an expected life of 5 years.

(Expressed in Canadian Dollars)

5. SHARE EXCHANGE AGREEMENT (continued)

Details of the allocation of the purchase consideration are as follows:

Total Consideration:	
3,209,468 common shares measured at a fair value of $0.11 per share	$ 353,041
647,921 warrants measured with a fair value of	2,000
193,050 stock options measured with a fair value of	3,125
Total	$ 358,166
Net identifiable assets (liabilities) acquired	
Cash	$42,456
Amounts receivable	19,220
Prepaid expenses and deposits	5,987
Inventory	271,695
Right of use assets	3,660
Amounts payable and accrued liabilities	(2,078,278)
Lease liability	(4,765)
Loans and debentures	(324,292)
Total liabilities	$ (2,064,317)
Listing expense	**$ 2,422,483**

Upon recognition of the convertible debentures included within loans and debentures, an equity portion of $17,653 was recognized in convertible debt reserve.

6. BUSINESS COMBINATION

On November 4, 2021, VGAN completed the Ghetto Transaction and acquired of all issued and outstanding share capital of Ghetto. Ghetto manufactures and distributes a line of healthy, gluten-free and allergen free food products.

The Ghetto Transaction was completed pursuant to a share purchase agreement dated May 21, 2021. In consideration for all of the shares of Ghetto, VGAN issued $500,000 of convertible notes with $448,286 being the fair value of the liability component and the fair value of the conversion feature being $111,711. The convertible notes are subject to a vesting period for future services performed and $72,476 recognized in share-based payments for vesting in the year ended June 30, 2022. During the year ended June 30, 2023, the Company recognized $36,066 in share-based payments for the vesting of the conversion feature.

At the date of the Ghetto Transaction, VGAN determined that Ghetto constituted a business as defined under IFRS 3, *Business Combinations*, and the Ghetto Transaction was accounted for as a business combination. The consideration paid was recognized at the fair value of the liability portion of the convertible notes issued.

(Expressed in Canadian Dollars)

6. BUSINESS COMBINATION (continued)

The following table shows the finalized allocation of the purchase price to the fair value of the assets acquired and liabilities assumed, based on the estimated fair value, including a summary of the identifiable classes of considered transferred, and amounts by category of assets acquired and liabilities assumed at the acquisition date:

Consideration paid:	
Fair Value of Convertible Notes	$ 448,286
Net identifiable assets acquired (liabilities)	
Cash	$11,106
Amounts receivable	42,560
Inventory	10,000
Prepaid expenses and deposits	18,788
Office and equipment	50,566
Right of use assets	373,217
Amounts payable and accrued liabilities	(102,952)
Lease liabilities	(374,937)
Long-term debt	(227,904)
Total net liabilities	(199,556)
Intangible assets	195,157
Goodwill	452,685
Net assets acquired	$ 448,286

All revenue of the Company for the year ended June 30, 2022 relates to the acquired Ghetto business.

7. AMOUNTS RECEIVABLE

		June 30, 2023		June 30, 2022
Trade accounts receivables	$	87,237	$	95,347
Sales tax receivable		72,948		113,489
	$	**160,185**	**$**	**208,836**

8. INVENTORY

		June 30, 2023		June 30, 2022
Finished goods	$	100,391	$	21,276
Packaging		33,413		22,868
Raw materials		150,080		37,536
Work in Process		15,750		8,754
	$	**299,634**	**$**	**90,434**

Products available for sale are carried at the lower of cost and net realizable value. Finished goods consist of food that has been mixed and packaged for shipment. Inventory expensed through cost of sales during the year was $2,048,266 (2022 - $612,249).

(Expressed in Canadian Dollars)

9. PROPERTY AND EQUIPMENT

	Leasehold Improvements	Equipment	Office Equipment	Automobiles	Total
Cost					
As at June 30, 2022	$ -	$ 698,255	$ 116,379	$ 8,132	822,766
Additions	143,204	151,007	12,557	-	306,768
Balance at June 30, 2023	143,204	849,262	128,936	8,132	1,129,534
Depreciation and impairment					
As at June 30, 2022	-	22,976	82,337	8,132	113,445
Depreciation	14,939	104,234	12,881	-	132,054
Impairment	128,265	441,060	33,718	-	603,043
Balance at June 30, 2023	143,204	568,270	128,936	8,132	848,542
Net book value – June 30, 2023	**$ -**	**$ 280,992**	**$ -**	**$ -**	**$ 280,992**

	Leasehold Improvements	Equipment	Office Equipment	Automobiles	Total
Cost					
As at June 30, 2021	$ -	$ -	$ -	$ -	$ -
Assets acquired in acquisition	73,736	27,098	97,458	8,132	206,424
Additions	121,631	671,157	18,921	-	811,709
Impairment	(195,367)	-	-	-	(195,367)
Balance at June 30, 2022	-	698,255	116,379	8,132	822,766
Depreciation					
As at June 30, 2021	-	-	-	-	-
Accumulated depreciation on acquired assets	73,736	-	73,990	8,132	155,858
Depreciation	6,082	22,976	8,347	-	37,405
Impairment	(79,818)	-	-	-	(79,818)
Balance at June 30, 2022	-	22,976	82,337	8,132	113,446
Net book value – June 30, 2022	**$ -**	**$ 675,279**	**$ 34,041**	**$ -**	**$ 709,320**

(Expressed in Canadian Dollars)

9. PROPERTY AND EQUIPMENT (continued)

During the year ended June 30, 2023, depreciation expensed through cost of sales was $69,103 (2022 – $37,405).

The Company reviews the carrying amounts of its non-financial assets to determine whether their carrying values exceed the recoverable amounts. For impairment testing, assets are grouped together in the smallest group of assets that generate inflow from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a non-financial asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is established based on the estimated future cash flows based on 5 year management's approved plan, discounted to their present value using the following growth rates, pre-tax discount rates and a terminal value percentages.

Impairment loss on recoverable amount of property and equipment:

The Company recognized an impairment loss of $603,043 on property and equipment. This represents the write-down of the carrying amount of leasehold improvements, equipment and office equipment to their recoverable amounts due to unfavorable economic performance of the Company's manufacturing operations operated out of is leased facilities in Burnaby, British Columbia, its sole CGU.

The recoverable amount is based on "comparable" method and was determined at the level of individual assets as identified by management. In determining market value, assets with similar characteristics in the same market area have been selected. Once those assets were found, they were compared to the assets in question and an adjustment in value was made for comparative deficiencies and advantages.

10. LEASES

The carrying amounts of the right-of use assets recognized and the movements during the year are as follows:

		June 30, 2023		June 30, 2022
Opening balance	$	311,480	$	-
Assets acquired in acquisition (note 6)		-		373,217
Asset acquired on share exchange (note 5)		-		3,660
Additions		-		30,842
Depreciation		(161,172)		(96,238)
Ending balance	$	150,308	$	311,481

During the year ended June 30, 2023, depreciation expensed through cost of sales was $58,603 (2022 - $62,934)

(Expressed in Canadian Dollars)

10. LEASES (continued)

The carrying amounts of the lease liabilities recognized and the movements during the year are as follows:

		June 30, 2023		June 30, 2022
Opening balance	$	320,212	$	-
Lease liabilities assumed on acquisition		-		374,937
Lease liabilities assumed on share exchange (note 5)		-		4,765
Additions		-		30,841
Interest expense		18,070		15,795
Lease payments		(175,754)		(106,126)
Ending balance	$	162,528	$	320,212
Which consist of:				
Current lease liability		132,268		204,182
Non-current lease liability		30,260		116,030
	$	162,528	$	320,212

The Company's right-of-use asset and lease liability relate to the office and plant premises. As at June 30, 2023 future payments required are as follows:

	June 30, 2023
Payable not later than one year	$ 132,268
Payable later than one year and not later than five years	30,260
	$ 162,528

The Company's leases have the following details:

	Description	Term	Renewal option	Expiry
Lease 1	Production facility	3 years	3 years	September 30, 2024
Lease 2	Production facility	1 Years	1 year	October 31, 2023
Lease 3	Storage facility	1 year	None	August 31, 2023

Subsequent to the year ended June 30, 2023, the Company extended leases 2 and 3 for one year each. There is no renewal option for lease 3. The company has not included the renewal options in leases 1 and 2 in its calculation of the lease liability as determined that it is not reasonably certain to exercise these options.

(Expressed in Canadian Dollars)

11. INTANGIBLE ASSETS AND GOODWILL

Intangible assets

Intangible assets consist of recipes acquired on the Ghetto transaction.

		Recipes
Cost		
As at June 30, 2021	$	-
Assets acquired in acquisition (note 6)		195,157
Impairment		(195,157)
Balance at June 30, 2022		-
Depreciation		
As at June 30, 2021		-
Depreciation expense		37,244
Impairment		(37,244)
Balance at June 30, 2022		-
Net book value	**$**	**-**

The recipes are depreciated on a straight-line basis over their estimated useful life of 5.24 years.

At June 30, 2022, an impairment was recognized in the amount of $157,913 pursuant to the Company's annual impairment assessment.

Goodwill

Pursuant to the acquisition of Ghetto, and as described in Note 6, as at June 30, 2022, the Company has recognized $452,685 in goodwill. Further to the Company's impairment assessment as at June 30, 2022 the Company has recognized an impairment of $452,685 on goodwill.

Intangible assets and goodwill are tested annually for impairment by comparing the carrying value of the cash generating unit ("CGU") to the estimated recoverable amount, where the recoverable amount is the higher of the fair value less costs of disposal and value in use. Management has prepared an assessment of the development of certain recipes and achievement of milestones since the time of acquisition and assessed that there is no impairment to the estimated recovery amount.

The Company determined that all of the assets and liabilities acquired from the Ghetto transaction, described in Note 6, represent one CGU. The recoverable amount for the CGU is determined using the discounted cash flow approach, which discounts the earnings projections derived from the business plans prepared by the Company. The projections reflect management's expectations of revenue, profit margins, capital expenditures, working capital, and operating cash flows, which are based on past experience and future expectations of performance.

(Expressed in Canadian Dollars)

11. INTANGIBLE ASSETS AND GOODWILL (continued)

As at June 30, 2022, the Company completed its annual impairment test using the following key assumptions of its recoverable amount analysis using the value in use method:

- Management has prepared a standard 5-year period projection using growth rates that range from 15% in 2023 to 2% in for 2027 based on management's assessment of future industry trends, internal and external resources, and historical data.

- The present value of expected cash flows of each segment is determined by applying a suitable discount rate. The discount rate was derived based on the weighted average cost of capital for comparable entities in the food production industry, based on market data. The discount rate reflects appropriate adjustments related to market risk and specific risk factors of the Company and has been determined to be 14.25%.

- Terminal growth rate of 2.0% is determined due to the entrance of new products in the market and possible generic alternatives that may offset population growth. A decrease in the terminal growth rate would result in a greater goodwill impairment for the CGU.

Future cash flows are based on various judgements and estimates including actual performance of the business, management's estimates of future performance, and indicators of future industry activity levels.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		June 30, 2023		June 30, 2022
Trade accounts payable	$	1,114,423	$	854,838
Accrued liabilities		237,379		120,776
	$	**1,351,801**	**$**	**975,614**

13. RELATED PARTY TRANSACTIONS

The Company has identified its directors and senior officers as its key management personnel. No post-employment benefits, other long-term benefits and termination benefits were made during the year ended June 30, 2023.

Key Management Compensation

The Company incurred the following transactions with directors, officers and companies that are controlled by directors of the Company.

	For the year ended June 30,			
		2023		2022
Salary and management fees	$	597,500	$	378,250
Legal fees		10,325		110,543
Share-based compensation expensed		160,064		275,121
	$	**767,889**	**$**	**763,914**

(Expressed in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS (continued)

The following amounts are payable and due to/from related parties. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

		June 30, 2023		June 30, 2022
Due to directors and officers	$	21,525	$	32,767
Due from related parties		-		-
Convertible debentures		228,504		313,800
	$	**250,029**	**$**	**346,567**

a) During the year ended June 30, 2023, related party loans totaling $nil (2022 - $81,500) were repaid.
b) During the year ended June 30, 2023 included in legal fees is $10,325 (2022 - $110,543) paid to a law firm in which the director has a partnership interest and is included in accounting and legal in the financial statements.
c) During the year ended June 30, 2023, the Company had sales of $6,417 (2022 - $nil) to a Company owned by an officer and director of the Company.

14. LOANS PAYABLE

Loans payable consist of Canada Emergency Business Account loans ("CEBA Loans"). The CEBA Loans bear 0% interest until December 31, 2023. If the balance is not paid by December 31, 2023, the remaining balance will be converted to a 3-year term loan at 5% annual interest paid monthly, commencing January 1, 2024. The Company anticipates repaying the loans before December 31, 2023.

The loans are carried at amortized cost based on an average market interest rate of 12%. During the year ended June 30, 2023, interest accretion was $9,517 (2022 - $2,949).

15. CONVERTIBLE DEBENTURES

		June 30, 2023		June 30, 2022
Opening balance	$	475,365	$	-
Acquired in share exchange (note 5)		-		286,027
Issued on acquisition (note 6)		-		448,286
Finance costs		23,115		27,079
Repayment of principal		(214,705)		(286,027)
	$	**283,775**	**$**	**475,365**

During the year ended June 30, 2023 and 2022, the following transactions with convertible debentures occurred:

(a) The Company assumed convertible debentures totaling $286,027 as a part of the share exchange transaction (note 5). The debentures accrue interest at a rate of 10% per annum. The debentures were repaid by the Company on December 9, 2021. Finance costs for the period up to repayment were $6,730. There was a loss on settlement of $31,989 from repayment of the convertible debentures.

15. CONVERTIBLE DEBENTURES (continued)

(b) As a part of the Ghetto Transaction (note 6) the Company issued convertible debentures of $500,000. The notes bear no interest and are payable as follows:

(i) 12.5% of the principal sum on the date that is 3 months from the date of issuance (Nov. 5, 2021)
(ii) 12.5% of the principal sum every 3 months thereafter; and
(iii) The final 12.5% on the date that is 24 months from the date of issuance.

On each vesting date the former shareholders of Ghetto will have the option to receive either their respective portion of cash or an amount equal to their respective portion in consideration shares. The exact number of common shares will be based on a price per share of $0.20.

On August 4, 2022, convertible debentures with a book value of $83,638 were converted by issuing 437,500 common shares at a deemed price of $0.20 per share. Concurrently, the Company also repaid $43,750 of convertible debenture principal.

On November 4, 2022, convertible debentures with a book value of $31,306 were converted by issuing 218,750 common shares at deemed price of $0.20 per share.

On February 4, 2023, convertible debentures with a book value of $29,088 were converted by issuing 218,750 common shares at deemed price of $0.20 per share.

On May 4, 2023, convertible debentures with a book value of $26,923 were converted by issuing 218,750 common shares at deemed price of $0.20 per share.

16. SHARE CAPITAL AND RESERVES

(a) Authorized

An unlimited number of common shares without par value.

(b) Share Issuances

The following common shares were issued during the year ended June 30, 2023:

- On August 4, 2022, the Company issued 437,500 shares upon the conversion of $87,500 of principal of convertible debentures.

- On November 4, 2022, the Company issued 218,750 shares upon the conversion of $43,750 of principal of convertible debentures.

- On December 9, 2022, the Company issued 5,500,713 units for total proceeds of $1,925,250. Each unit is comprised of one common share and one common share purchase warrant. Each full warrant will entitle the holder thereof to purchase one common share at a price of $0.40. The warrants expire three years from date of issuance.

- On December 21, 2022, the Company issued 21,276 shares with a fair market value of $0.60 per share to settle debt totaling $12,766. A loss on debt settlement was recorded as a result of this transaction.

16. SHARE CAPITAL AND RESERVES (continued)

- On February 6, 2023, the Company issued 218,750 shares upon the conversion of $43,750 of principal of convertible debentures.

- On February 16, 2023, warrant holders exercised 2,500,000 warrants at an exercise price of $0.25. As a result of the exercise of the warrants, the Company issued 2,500,000 common shares and received gross proceeds of $625,000.

- On March 2, 2023, warrant holders exercised 800,000 warrants at an exercise price of $0.25. As a result of the exercise of the warrants, the Company issued 800,000 common shares and received gross proceeds of $200,000.

- On March 2, 2023, warrant holders exercised 250,000 warrants at an exercise price of $0.05. As a result of the exercise of the warrants, the Company issued 250,000 common shares and received gross proceeds of $12,500.

- On March 13, 2023, warrant holders exercised 1,200,000 warrants at an exercise price of $0.25. As a result of the exercise of the warrants, the Company issued 1,200,000 common shares and received gross proceeds of $300,000.

- On March 17, 2023, warrant holders exercised 400,000 warrants at an exercise price of $0.25. As a result of the exercise of the warrants, the Company issued 400,000 common shares and received gross proceeds of $100,000.

- On May 18, 2023, warrant holders exercised 200,000 warrants at an exercise price of $0.25. As a result of the exercise of the warrants, the Company issued 200,000 common shares and received gross proceeds of $50,000.

The following common shares were issued during the year ended June 30, 2022:

- On July 23, 2021, the Company issued 2,000,000 units for total proceeds of $200,000. Each unit is comprised of one common share and common share purchase warrant. Each full warrant will entitle the holder thereof to purchase one common share at a price of $0.15 per common share. The warrants expire five years from date of issuance. The estimated fair value of the warrants of $60,000 was calculated using the Black Scholes Option Pricing Model with the following grant-date assumptions: grant date stock price, $0.07; expected life, 5 years; expected volatility, 124%; risk free rate, 0.72%; and expected dividends, 0%. The residual amount of $140,000 was attributed to the shares.

- On October 29, 2021, the Company issued 24,075,000 units for total proceeds of $4,815,000. Each unit is comprised of one common share and common share purchase warrant. Each full warrant will entitle the holder thereof to purchase one common share at a price of $0.25 per common share. The warrants expire five years from date of issuance. The estimated fair value of the warrants of $2,166,750 was calculated using the Black Scholes Option Pricing Model with the following grant-date assumptions: grant date share price, $0.11; expected life, 5 years; expected volatility, 129%; risk free rate, 1.39%; and expected dividends, 0%. The residual amount of $2,648,250 was attributed to the shares.

- On November 5, 2021, the Company issued 3,209,468 common shares with a fair value of $353,041 pursuant to the VGAN Transaction (Note 6).

(Expressed in Canadian Dollars)

16. SHARE CAPITAL AND RESERVES (continued)

(c) Escrow shares

During the year ended June 30, 2023, 2,735 (June 30, 2022 – 2,735) common shares remain in escrow relating to the reverse acquisition transaction.

(d) Restricted Share Units

On December 9, 2022, the Company granted 1,000,000 RSUs to a consultant that fully vested on April 10, 2023. The Company may settle each RSU by issuing one common share of the Company or by making a cash payment equal to the fair value of the shares upon vesting. The Company has shares issuable valued at $769,390 related to this transaction. The RSUs were valued using the average price of the Company's common shares during the vesting period.

During March 2023 the Company granted 5,000,000 RSUs to consultants of the Company that vest upon certain milestones being met. Management has determined that the milestones are not probable to occur and as a result $nil has been recognized for the RSUs. The Company may settle the RSU by issuing one common share of the Company or a cash payment equal to the fair value of the shares upon vesting.

(e) Stock Options

Options to purchase Common Shares may be granted to directors, consultants, officers and employees of the Company for terms up to five years at a price at least equal to the market price prevailing on the date of the grant.

The continuity of the stock options for the years ended June 30, 2023 and June 30, 2022 is as follows:

	Options	Weighted Average Exercise Price
Balance, June 30, 2021	3,000,000	0.20
Deemed issued on reverse takeover (note 5)	193,050	4.44
Granted	6,850,000	0.20
Cancelled	(3,035,500)	0.25
Balance, June 30, 2022	7,007,550	0.29
Grant	200,000	0.69
Balance, June 30, 2023	7,207,550	$ 0.32

On May 28, 2021, the Company executed a consulting agreement with a food products marketing consultant. The agreement provides for the consultant to be granted 3,000,000 incentive stock options at an exercise price of $0.20 and a maturity date of May 28, 2026 to be vested on achieving certain milestones. None of the incentives had been earned and the consulting agreement was cancelled on May 14, 2022 and these options were forfeited.

On November 5, 2021 the Company granted 6,850,000 options to certain employee as a part of its compensation plan. The options vest over 5 years and are exercisable at $0.20.

On November 5, 2021 as a part of the VGAN Transaction (note 5) the Company issued 193,050 stock options that have an average exercise price of $4.44.

On February 5, 2022, 28,000 options with a weighted average exercise price of $4.66 were cancelled.

(Expressed in Canadian Dollars)

16. SHARE CAPITAL AND RESERVES (continued)

On June 1, 2022 5,000 options with an exercise price of $6.00 were cancelled.

On June 21, 2022, 2,500 options with an exercise price of $4.00 were cancelled.

On March 28, 2023, 200,000 options were granted to a consultant of the Company with an exercise price of $0.69 for a term of 5 years, the options vested immediately upon issuance.

The fair value of the options granted during the year ended June 30, 2023 has been estimated using the Black-Scholes Option Pricing Model assuming a grant date share price of $0.61 (2022 - $0.11), risk-free rate of 3.10% (2022 – 1.26%) with an expected life of 5 years (2022 – 5 years), expected volatility of 136% (2022 – 116%) and no expected dividend (2022 – nil). The weighted average grant date fair value of these options was $0.53 per option.

Details of options outstanding and exercisable at June 30, 2023 are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Weighted Average Exercise Price	Remaining Life (Years)
13,050	13,050	$5.00	November 23, 2023	$5.00	0.4
21,500	21,500	$6.00	July 18, 2024	$6.00	1.05
123,000	123,000	$4.00	January 3, 2025	$4.00	1.52
6,850,000	5,865,668	$0.20	November 5, 2026	$0.20	3.35
200,000	200,000	$0.69	March 28, 2028	$0.69	4.75
7,207,550	6,223,218			$0.32	3.35

For the year ended June 30, 2023, the Company recorded stock-based compensation of $284,979 in respect of incentive stock options (2022-$311,181).

(d) Warrants

The continuity of warrants for the years ended June 30, 2023 and 2022 is as follows:

	Warrants outstanding	Exercise Price
Balance, June 30, 2021	34,000,000	$ 0.05
Granted	26,075,000	0.12
Deemed issued on reverse takeover	33,453	3.90
Balance, June 30, 2022	60,108,453	$ 0.14
Expired	(33,453)	3.90
Granted	5,500,713	0.40
Exercised	(5,350,000)	0.25
Balance, June 30, 2023	60,225,713	$ 0.15

(Expressed in Canadian Dollars)

16. SHARE CAPITAL AND RESERVES (continued)

At June 30, 2023, the following warrants were outstanding:

Expiry Date	Number of Warrants issued and exercisable	Exercise Price	Weighted average remaining contractual life (years)
March 31, 2026	33,750,000	$0.05	2.75
July 23, 2026	2,000,000	$0.15	3.07
October 29, 2026	18,975,000	$0.25	3.33
December 9, 2025	5,500,713	$0.40	2.45
	60,225,713	$0.15	2.92

17. DISCONTINUED OPERATIONS

On November 5, 2021, the Company completed the VGAN Transaction entered into the share exchange agreement and GFCO acquired 100% of the issued and outstanding common shares of the GFMC (note 5). At the time of the VGAN Transaction, the Company was in the process of liquidating the assets of its former scooter business. During the year ended June 30, 2022, the former business transactions were classified as discontinued operations as the former business meets the criteria of discontinued operations under IFRS 5. The liquidation process was completed during the year ended June 30, 2022.

The following summarizes the accounting information relating to the discontinued operations for the year ended June 30, 2022

Statement of comprehensive loss	**2022**
Scooter sales	$ 12,845
General and administrative	(16,524)
Loss of write-down of loan receivable	(65,643)
Net loss for the year	**$(69,322)**

Revenues were from the sale of scooters. All revenues for the year ended June 30, 2022 are from North America.

On January 1, 2022, the Company entered into an agreement with Raytroniks Corporation ("Raytroniks") and Willie Ray Norwood Jr. to transfer its legacy Scoot-E-Bike assets to Raytroniks. The assets include intellectual property, Scoot-E-Bike inventory and the Company's ownership of Scoot-E-Bike Inc. In return, Raytroniks settled all debt claims owed to them by the Company.

On January 11, 2022, the Company entered into an asset purchase agreement with West Hall Tech Ltd. to sell assets including: scooter inventory including parts and components, all rights and logos held by the Company to the unregistered trademarks "LOOPShare" and "Loop Scooters" and the loopscooters.com domain name. In return, West Hall Tech Ltd. entered into a lease agreement with the Landlord at 131 Water Street, the Company's former premises and assumed responsibility for the disposal of the assets.

(Expressed in Canadian Dollars)

18. REVENUES

Revenue for the year ended June 30, 2023 are from the sales of dry food mixes and frozen food products which totaled $1,189,497 (2022 - $481,407). All revenues for the year ended June 30, 2023 and 2022 occur within North America.

Three major customers accounted for 65%, 14% and 9% (2022 –65%, 11% and 15%) of the Company's revenue for the year ended June 30, 2023 and made up of 58%, 8% and 20% (2022 – 33%, 16% and 37%) of the trade receivables as at June 30, 2023.

19. EXPENSES BY NATURE

For the year ended June 30, 2023:

	Cost of sales	General and administrative	Sales and marketing
Personnel	$ 733,600	$ 793,373	$ -
Travel	-	128,660	-
Office	88,177	324,405	-
Depreciation	127,706	-	-
Raw Materials	1,054,790	-	-
Consulting	19,175	-	590,083
Accounting and legal	-	390,916	-
Finance costs	24,818	-	-
Advertising and marketing fees	-	-	1,871,541
Totals	$ 2,048,266	$ 1,637,355	$ 2,461,624

For the year ended June 30, 2022:

	Cost of sales	General and administrative	Sales and marketing
Personnel	$115,549	$ 461,198	$ -
Travel	-	57,256	-
Office	20,652	250,341	-
Depreciation	100,339	-	-
Raw Materials	376,099	-	-
Consulting	-	-	297,879
Accounting and legal	-	559,231	-
Advertising and marketing fees	-	-	77,183
Totals	$612,249	$1,328,026	$ 375,062

(Expressed in Canadian Dollars)

20. INCOME TAXES

Future tax benefits which may arise as a result of these non-capital losses and other income tax pools have not been recognized in these financial statements and have been offset by a valuation allowance. No deferred income tax asset has been recognized because the amount of future taxable profit that will be available to realize such assets is unpredictable. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period.

	June 30, 2023	June 30, 2022
Loss before income taxes	$ (6,114,700)	$ (5,545,184)
Statutory income tax rate	27%	27%
Expected tax recovery	(1,650,969)	(1,497,200)
Non-deductible expenditures and other	2,815,779	(1,561,446)
Change in unrecognized deferred assets	(1,2164,810)	3,058,646
Income tax recovery	$ -	$ -

The significant components of deferred tax assets that have not been included in the statements of financial position are as follows:

	June 30, 2023	June 30, 2022
Deferred tax assets:		
Non-capital losses	$ 1,933,072	$ 3,040,069
Share issuance costs	24,411	-
Right-of-use assets	3,299	2,358
Exploration and Evaluation Assets	23,594	-
Property and equipment	(54,579)	52,181
	1,929,798	3,094,608
Unrecognized deferred tax assets	(1,929,798)	(3,094,608)
	$ -	$ -

As at June 30, 2023, the Company has estimated non-capital losses of approximately $7,159,528 (2022 - $11,259,515) for Canadian income tax purposes that may be carried forward to reduce taxable income expiring in various amounts starting from 2033 to 2043.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations. The Company's maximum exposure to credit loss is the book value of its financial instruments. The Company's cash and cash equivalents is deposited with a major Canadian chartered bank and is held in highly-liquid investments. The Company's receivables consist of taxes receivable and trade accounts receivable which represents the maximum credit risk for receivables.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company attempts to manage liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at June 30, 2023, the Company had a cash balance of $187,193 (June 30, 2022 - $1,343,681) to settle current liabilities of $1,550,959 (June 30, 2022 - $1,179,796).

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's cash is not subject to interest rate risk. The loan payable and convertible debentures are not subject to interest rate risk as they are a fixed rate. The Company is not exposed to other significant interest rate risk due to the short-term maturity of its monetary assets and liabilities and amounts owing being non-interest bearing or bearing fixed rates of interest.

(ii) Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's sales are primarily in Canadian dollars with and the Company's manufacturing costs are largely denominated in Canadian dollars. However due to long lead times for parts used in manufacturing the Company's products, the Company is exposed to the risk of foreign currency fluctuations over time. The Company is also exposed to fluctuations in foreign currencies through its existing liabilities from previous operations in Japan. The Company monitors this exposure but has entered into no formal hedge agreements.

(Expressed in Canadian Dollars)

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

As at June 30, 2023, the Company was exposed to foreign currency risk through the following Canadian dollar equivalent of financial assets and liabilities denominated in foreign source currencies.

	June 30, 2023		June 30, 2022	
	US Dollar	Japanese Yen	US Dollar	Japanese Yen
Cash	$ 146,094	$ 541	$ 8,176	$ 560
Accounts receivable	7,560	-	36,648	-
Accounts payable	38,194	165,777	67,860	171,562
Total	$ 191,848	$ 166,318	$ 112,684	$ 172,122

(ii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

(d) Fair Value of Financial Instruments

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

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

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

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

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

	Level 1	Level 2	Level 3
	$	$	$
As at June 30, 2023:			
Cash	187,193	-	-
Restricted cash	50,000	-	-
As at June 30, 2022:			
Cash	1,343,681	-	-
Restricted cash	50,000	-	-

The carrying values of cash, restricted cash, accounts receivable, due from related party, accounts payable approximate their fair value given their short-term nature. The loans payable and convertible debentures are recorded at amortized cost. As at June 30, 2023 and June 30, 2022, the Company's has no Level 3 instruments.

(Expressed in Canadian Dollars)

22. SUPPLEMENTAL DISCLOSURE OF CASH FLOWS

		Year ended June 30, 2023		Year ended June 30, 2022
Cash paid for interest	$	13,502	$	16,762
Fair value of shares issued for reverse takeover		-		353,041
Fair value of stock option issued for reverse takeover		-		3,125
Fair value of warrants issued for reverse takeover		-		2,000
Fair value of debt issued for business combination		-		448,286

23. CAPITAL MANAGEMENT

The Company's objective in managing capital is to ensure sufficient liquidity to pursue its investment growth strategy, fund research and development, engage in sales and marketing activities, and undertake selective acquisitions, while at the same time taking a conservative approach toward financial leverage and management of financial risk. The Company's capital is composed entirely of equity and short-term loans. The Company uses capital to finance operating losses, capital expenditures, and increases in non-cash working capital. The Company currently funds these requirements from cash raised through share issuances and short-term debt as required. The Company's objectives when managing capital are to ensure that the Company will continue to have enough liquidity help build its business manufacturing and distributing a line of healthy, gluten-free and allergen free food products.

The Company monitors its capital on the basis of the adequacy of its cash resources to fund its business plan. In order to maximize flexibility to finance growth, the Company does not currently pay a dividend to holders of its common shares. The Company did not institute any changes to its capital management strategy during the year.

As at June 30, 2023, the Company had capital resources consisting of all components of shareholders' equity. 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 common shares.

24. SUBSEQUENT EVENTS

Subsequent to June 30, 2023, the Company issued 4,800,000 common shares from exercise of warrants for gross proceeds of $400,000.

Subsequent to June 30, 2023, the Company received $112,500 in subscription proceeds related to an upcoming private placement.

Subsequent to June 30,2023, 2,565,000 stock options were expired unexercised.