The Good Flour Corp.

Condensed Interim Consolidated Financial Statements

For the Three Months Ended September 30, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a) released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the condensed interim financial statements for the three months ended September 30, 2023.

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

The Good Flour Corp.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at September 30, 2023 and June 30, 2023

(Expressed in Canadian Dollars)

		September 30, 2023	June 30, 2023
Assets	Note		
Current assets:			
Cash		$ 34,670	$ 187,193
Restricted cash		32,500	50,000
Amounts receivable	5	108,588	160,185
Prepaid expenses and deposits		28,787	36,834
Inventory	6	204,375	299,634
Total current assets		408,920	733,846
Non-current assets:			
Right of use assets	8	142,843	150,308
Property and equipment	7	269,535	280,992
Total Assets		**$ 821,298**	**$ 1,165,146**
Liabilities and Shareholders' Equity (Deficiency)			
Current liabilities:			
Accounts payable and accrued liabilities	9	$ 1,579,717	$ 1,351,802
Lease liability	8	165,445	132,268
Loan payable		69,536	66,889
Total current Liabilities		1,814,698	1,550,959
Non-current liabilities:			
Lease liability	8	-	30,260
Convertible debentures	12	285,295	283,775
Total Liabilities		**$ 2,099,993**	**$ 1,864,994**
Shareholders' Equity (Deficiency)			
Common shares	13	$ 7,779,440	$ 7,521,322
Reserves		3,541,742	3,572,408
Deficit		(12,599,877)	(11,793,578)
Total Shareholders' Equity		**$ (1,278,695)**	**$ (699,848)**
Total Liabilities and Shareholders' Equity		**$ 821,298**	**$ 1,165,146**

Nature of operations and going concern (Note 1 and 2)
Subsequent events (Note 18)

Approved on November 29, 2023 by the directors:

"HAMID SALIMIAN" "OLEN AASEN"

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

The Good Flour Corp.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the Three Months Ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

		For the three months ended September 30	
		2023	**2022**
	Note		
Revenue	14,15	$ 288,620	$ 285,764
Cost of Sales		(606,411)	(388,816)
Gross Margin		(317,791)	(103,052)
Expenses			
Operating expenses:			
Depreciation	7,8	44,473	49,454
Finance costs	8,11,12	8,242	20,137
General and administrative	15	255,745	300,118
Sales and marketing	15	142,378	126,204
Share-based compensation	12	27,452	85,599
Total expenses		478,290	581,512
Net loss before other items		$ (796,081)	$ (684,564)
Other items			
Foreign exchange gain (loss)		(10,218)	(2,012)
Net loss for the period		**$ (806,299)**	**$ (686,576)**
Loss per share – basic and diluted		**$ (0.01)**	**$ (0.02)**
Weighted average number of common shares		**77,650,207**	**63,284,468**

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

The Good Flour Corp.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Three months ended September 30, 2023 and the Year Ended June 30, 2023

(Expressed in Canadian Dollars)

			Reserves						
	Common Shares (#)	Amount ($)	Shares Issuable ($)	Stock Options ($)	Warrants ($)	Contributed surplus ($)	Total Reserve ($)	Deficit ($)	Total ($)
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 debentures exercised	1,093,750	218,750	-	-	-	(47,794)	(47,794)	-	170,956
Share-based compensation	-	-	-	**284,979**	-	36,066	321,045	-	321,045
Shares issued on debt-settlement	21,276	12,766	-	-	-	-	-	-	12,766
Issuance of common shares	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	-	-	-
Shares issuable for restricted stock units	-	-	**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)**
Share-based compensation	-	-	-	27,452	-	-	27,452	-	27,452
Exercise of warrants	2,400,000	258,118			(58,118)		(58,118)	-	200,000
Comprehensive loss for the period	-	-	-	-	-	-	-	(806,299)	(806,299)
Balance, September 30, 2023	**77,650,207**	**7,779,440**	**769,390**	**626,737**	**2,082,867**	**62,748**	**3,541,742**	**(12,599,877)**	**(1,278,695)**

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

The Good Flour Corp.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Three months ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

		For the three months ended September 30			
			2023		2022
	Note				
Cashflow provided by (used in) operating activities:					
Net loss		$	(806,299)	$	(686,576)
Items not involving cash					
Depreciation	7,8		57,450		58,587
Finance costs	8,11,12		4,738		18,247
Share-based payment	12		27,452		85,599
Changes in non-cash working capital					
Accounts receivable			51,595		(109,987)
Prepaid expenses and deposits			8,047		(5,593)
Inventory			95,259		(89,364)
Accounts payables and accrued liabilities			227,915		-
Cash provided by (used in) operating activities		$	(333,841)	$	(729,087)
Cashflow used in investing activities:					
Purchase of property and equipment	7		-		(122,971)
Cash used in investing activities		$	-	$	(122,971)
Cashflow provided by (used in) financing activities:					
Repayment of convertible debentures	12		-		(43,750)
Exercise of warrants	13		200,000		-
Lease payments	8		(36,182)		(43,124)
Cash provided by (used in) financing activities		$	163,818	$	(86,874)
Net decrease in cash		**$**	**(170,023)**	**$**	**(938,932)**
Cash and cash equivalent, beginning of the year		$	237,193	$	1,393,681
Cash and cash equivalent, end of the year		**$**	**67,170**	**$**	**454,749**
Cash and cash equivalent consists of					
Cash		$	34,670	$	404,749
Guaranteed Investment Certificate (GIC)		$	32,500	$	50,000

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"), interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*. The consolidated interim financial statements do not include all the information required for full annual financial statements.

These consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended June 30, 2023.

These consolidated financial statements were approved by the Board of Directors on November 29, 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 September 30, 2023, the Company has not achieved profitable operations, has accumulated losses of $12,599,877 since inception 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.

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 September 30, 2023
Loop Japan KK	Japan	Japanese Yen	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

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements for the year ended June 30, 2023. The accompanying unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended June 30, 2023.

4. SIGNIFICNAT 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.

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 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.

UNAUDITED (Expressed in Canadian Dollars)

5. AMOUNTS RECEIVABLE

	September 30, 2023	June 30, 2023
Trade accounts receivable	$ 90,727	$ 87,237
Sales tax receivable	17,861	72,948
	$ 108,588	**$ 160,185**

6. INVENTORY

	September 30, 2023	June 30, 2023
Finished goods	$ 110,972	$ 100,391
Packaging	23,691	33,413
Raw materials	68,870	150,080
Work in Process	842	15,750
	$ 204,375	**$ 299,634**

Products available for sale are carried at their net realizable value. Finished goods consist of food that has been mixed and packaged for shipment.

7. PROPERTY AND EQUIPMENT

	Leasehold Improvements	Equipment	Office Equipment	Automobiles	Total
Cost					
As at June 30, 2023	$ 143,204	$ 849,262	$ 128,936	$ 8,132	$ 1,129,534
Additions	-	-	-	-	-
Balance at June 30, 2023	143,204	849,262	128,936	8,132	1,129,534
Depreciation and impairment					
As at June 30, 2023	143,204	568,270	128,936	8,132	848,542
Depreciation expense	-	11,457	-	-	11,457
Balance at September 30, 2023	143,204	579,727	128,936	8,132	859,999
Net book value	**$ -**	**$ 269,535**	**$ -**	**$ -**	**$ 269,535**

During the three month period ending September 30, 2023, depreciation expensed through cost of sales was $11,457 (2022- $9,140).

UNAUDITED (Expressed in Canadian Dollars)

8. RIGHT OF USE ASSETS

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

		Sept 30, 2023		June 30, 2023
Balance at the beginning of period	$	150,308	$	311,480
Additions		37,009		-
Accumulated depreciation		(44,473)		(161,172)
Balance at the end of period	**$**	**142,843**	**$**	**150,308**

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

		Sept 30, 2023		June 30, 2023
Balance at the beginning of period	$	162,528	$	320,212
Additions		37,009		-
Interest expense		2,091		18,070
Lease payments		(36,182)		(175,754)
Balance at the end of period		165,445		162,528
Which consist of:				
Current lease liability		165,445		132,268
Non-current lease liability		-		30,260
Balance at the end of period	**$**	**165,445**	**$**	**162,528**

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

Payable not later than one year	$	165,445
Payable later than one year and not later than five years		-
	$	165,445

The details of the Company's leases are as follows:

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

Subsequent to the three months ending September 30, 2023, the Company extended Lease 2 for one year. 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.

UNAUDITED (Expressed in Canadian Dollars)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2023	June 30, 2023
Trade accounts payable	$ 544,711	$ 439,203
Accounts payable (statute of limitations)	675,220	675,220
Accrued liabilities	359,786	237,379
	$ 1,579,717	**$ 1,351,802**

10. RELATED PARTY TRANSACTIONS

During the three months ended September 30, 2023 and 2022, the Company incurred the following 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 three months ended September 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 three months ended September 30	
	2023	**2022**
Salary and management fees	$ 84,000	$ 160,890
Legal and consulting fees	30,000	32,100
Share-based compensation expensed	20,826	85,599
	$ 134,826	**$ 278,589**

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

	September 30, 2023	June 30, 2023
Due to directors and officers	$ 46,197	$ 21,525
Convertible debentures	228,504	228,504
	$ 298,472	**$ 250,029**

11. 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 three months ended September 30, 2023, interest accretion was $2,647 (2022 - $2,243).

UNAUDITED (Expressed in Canadian Dollars)

12. CONVERTIBLE DEBENTURES

	September 30, 2023		June 30, 2023	
Opening balance	$	283,775	$	475,365
Finance costs		1,520		23,115
Repayment of principal		-		(214,705)
	$	**285,295**	**$**	**283,775**

(a) On November 4, 2021 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. 4)
(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 holders 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 deemed price per share of $0.20.

On August 4, 2022, the Company settled convertible debentures with a book value of $83,638 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, the Company settled convertible debentures with a book value of $31,036 by issuing 218,750 common shares at deemed price of $0.20 per share.

On February 4, 2023, the Company settled convertible debentures with a book value of $29,088 by issuing 218,750 common shares at a deemed price of $.20 per share.

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

13. 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 three months ended September 30, 2023:

- On July 28, 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 July 28, 2023, warrant holders exercised 1,000,000 warrants at an exercise price of $0.05. As a result of the exercise of the warrants, the Company issued 1,000,000 common shares and received gross proceeds of $50,000.

- On August 18, 2023, warrant holders exercised 1,000,000 warrants at an exercise price of $0.05. As a result of the exercise of the warrants, the Company issued 1,000,000 common shares and received gross proceeds of $50,000.

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.

- 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.

UNAUDITED (Expressed in Canadian Dollars)

(c) Escrow shares

During the year three month period ended September 30 2023, 2,735 (June 30, 2023 – 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 the RSU by issuing one common share of the Company or a cash payment equal to the fair value of the shares upon vesting. The Company has shares issuable value 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 of fair value of $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 three months ended September 30, 2023 and the year ended June 30, 2023 is as follows:

	Options	Weighted Average Exercise Price
Balance, June 30, 2022	7,007,550	0.29
Granted	200,000	0.69
Balance, September 30, 2023	7,207,550	$ 0.32

The fair value of the options has been estimated using the Black-Scholes Option Pricing Model assuming a grant date share price of $0.61 (2022 -.011), 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. The weighted average grant date fair value of these options was $0.53 per option.

Details of options outstanding and exercisable at September 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	0.15
21,500	21,500	$6.00	July 18, 2024	$6.00	0.80
123,000	123,000	$4.00	January 3, 2025	$4.00	1.26
6,850,000	6,189,812	$0.20	November 5, 2026	$0.20	3.10
200,000	200,000	$0.69	March 28, 2028	$.069	4.50
7,207,550	6,547,362			$0.32	3.10

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For the three month period ending September 30, 2023, the Company recorded stock-based compensation of $27,452 (2022 – $73,334) in respect of incentive stock options.

(f) Warrants

The continuity of warrants for the six months September 30, 2023 and year ended June 30, 2022 is as follows:

	Warrants outstanding	Exercise Price	
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
Exercised	(2,400,000)	$	0.08
Balance, September 30, 2023	57,825,713	$	0.15

As at September 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	31,750,000	$0.05	2.50
July 23, 2026	2,000,000	$0.15	2.81
October 29, 2026	18,575,000	$0.25	3.08
December 9, 2025	5,500,713	$0.40	2.19
	57,825,713	$0.15	2.67

14. REVENUES

Gross revenue for the three months ended September 30, 2023 from the sales of dry food mixes and frozen food products totaled $288,620 (2022 - $285,764). Revenues are shown net of rebates and marketing fees paid to distributors of $3,578 (2022 – $19,737). All revenues are from North America.

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15. EXPENSES BY NATURE

For the three months ended September 30, 2023:

	Cost of sales	General and administrative	Sales and marketing
Personnel	$190,550	$ 156,947	$ -
Travel	-	4,600	-
Office	28,993	60,344	-
Raw Materials	362,992	-	-
Depreciation	18,608	-	-
Consulting	-	-	86,786
Accounting and legal	-	33,854	-
Finance charges	5,268	-	-
Advertising and marketing	-	-	55,592
	$606,411	$ 255,745	$ 142,378

For the three months ended September 30, 2022:

	Cost of sales	General and administrative	Sales and marketing
Personnel	$ 108,897	$ 203,468	$ -
Travel	-	872	18,464
Office	44,923	55,565	-
Depreciation	9,140	-	-
Raw Materials	225,856	-	-
Consulting	-	-	84,840
Accounting and legal	-	40,213	-
Advertising and marketing fees	-	-	22,900
Totals	$ 388,816	$ 300,118	$ 126,204

16. 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 September 30, 2023, the Company had a cash balance of $67,170 (2022 - $237,193) to settle current liabilities of $1,814,698 (2022 - $1,550,959).

(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 in US dollars and the Company's manufacturing costs are largely denominated in US dollars, providing a natural hedge against the risk of foreign exchange fluctuations. 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 operations in Japan. The Company monitors this exposure but has entered into no formal hedge agreements.

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

	September 30, 2023		**June 30, 2023**	
	US Dollar	Japanese Yen	US Dollar	Japanese Yen
Cash	$ 683	541	$ 146,094	541
Accounts receivable	13,744	-	7,560	-
Accounts payable	38,774	165,777	38,194	165,777
Total	$ 53,201	166,318	$ 191,848	166,318

(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.

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(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 September 30, 2023:			
Cash	34,670		
Restricted cash	32,500		
As at June 30, 2023:			
Cash	187,193		
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 September 30, 2023 and June 30, 2023, the Company's has no Level 3 instruments.

17. 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 September 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.

18. SUBSEQUENT EVENTS

Subsequent to September 30, 2023 the following transactions occurred:

- The Company issued 2,400,000 common shares from exercise of warrants for gross proceeds of $200,000.
- The Company received $112,500 in subscription proceeds related to an upcoming private placement.
- The Company settled convertible debentures with a book value of $87,500 by issuing 437,500 common shares at deemed price of $0.20 per share.
- 2,578,050 stock options were expired unexercised.