The Good Flour Corp.

Consolidated Financial Statements

Expressed in Canadian Dollars

For the Years Ended June 30, 2024 and 2023

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, 2024 and 2023, 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 material accounting policy information. (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, 2024 and 2023, 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 $2,070,058 during the year ended June 30, 2024 and, as of that date, the Company's current liabilities exceeded its current assets by $1,684,161. 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 other 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

October 29, 2024

The Good Flour Corp.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at June 30, 2034 and June 30, 2023

(Expressed in Canadian Dollars)

	Note	**June 30, 2024**	**June 30, 2023**
Assets			
Current assets:			
Cash		$ 20,376	$ 187,193
Restricted cash		32,500	50,000
Amounts receivable	5	133,084	160,185
Prepaid expenses and deposits		25,191	36,834
Inventory	6	295,852	299,634
Total current assets		507,003	733,846
Non-current assets:			
Right of use asset	8	333,448	150,308
Property and equipment	7	231,915	280,992
Total Assets		**$ 1,072,366**	**$ 1,165,146**
Liabilities and Shareholders' Equity (Deficiency)			
Current liabilities:			
Accounts payable and accrued liabilities	9, 10	$ 1,893,304	$ 1,351,802
Lease liability	8	96,364	132,268
Loan payable	11	201,496	66,889
Total current Liabilities		2,191,164	1,550,959
Non-current liabilities:			
Loan payable	11	102,494	-
Lease liability	8	244,543	30,260
Convertible debentures	12	150,000	283,775
Total Liabilities		**$ 2,688,201**	**$ 1,864,994**
Shareholders' Equity (Deficiency)			
Common shares	13	$ 8,944,301	$ 7,521,322
Reserves	13	3,041,430	3,572,408
Deficit		(13,601,566)	(11,793,578)
Total Shareholders' Equity (Deficiency)		**$ (1,615,835)**	**$ (699,848)**
Total Liabilities and Shareholders' Equity		**$ 1,072,366**	**$ 1,165,146**

Nature of operations and going concern (Note 1 and 2)
Subsequent events (Note 20)

Approved on October 29, 2024 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, 2024 and 2023

(Expressed in Canadian Dollars)

		For the year ended June 30	
		2024	**2023**
	Note		
Revenue	10, 14	$ 1,321,892	$ 1,189,497
Cost of Sales	15	(1,761,800)	(2,048,266)
Gross Margin		(439,908)	(858,769)
Expenses			
Operating expenses:			
Depreciation	7,8	141,201	141,630
Finance costs	8,11,12	60,193	57,059
General and administrative	15	1,044,841	1,637,355
Sales and marketing	15	440,549	2,461,624
Share-based compensation	10, 13	(69,585)	321,046
Total expenses		1,617,199	4,618,714
Net loss before other items		$ (2,057,107)	$ (5,477,483)
Other items			
Foreign exchange loss		(12,951)	(26,966)
Impairment of property and equipment	7	-	(603,043)
Loss on settlement of accounts payable		-	(12,766)
Other items		-	5,558
Net loss and comprehensive loss for the year		**$(2,070,058)**	**$(6,114,700)**
Loss per share – basic and diluted		**$(0.03)**	**$(0.09)**
Weighted average number of common shares		**73,670,487**	**68,807,531**

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, 2024 and 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 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 year	-	-	-	-	-	-	-	(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)**
Convertible debenture conversions	437,500	135,295	-	-	-	-	-	-	**135,295**
Reclassification of forfeited options	-	-	-	(262,070)	-	-	(262,070)	262,070	**-**
Share-based compensation	-	-	-	(69,585)	-	-	(69,585)	-	**(69,585)**
Issuance of common shares	1,398,000	349,500	-	-	-	-	-	-	**349,500**
Exercise of warrants	10,340,000	938,184	-	-	(201,184)	-	(201,184)	-	**737,000**
Debt issuance costs	-	-	-	-	1,861	-	1,861	-	**1,861**
Comprehensive loss for the year	-	-	-	-	-	-	-	(2,070,058)	**(2,070,058)**
Balance, June 30, 2024	**87,425,707**	**8,944,301**	**769,390**	**267,630**	**1,941,637**	**62,748**	**3,041,430**	**(13,601,566)**	**(1,615,835)**

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

The Good Flour Corp.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2024 and 2023

(Expressed in Canadian Dollars)

	For the Year ended June 30,	
	2024	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (2,070,058)	$ (6,114,700)
Items not involving cash		
Depreciation	227,418	293,226
Accrued finance costs	52,169	50,702
Share-based payment	(69,585)	321,046
Restricted share units	-	769,390
Loss on settlement of debt	-	12,766
Impairment of property and equipment	-	603,043
Changes in non-cash working capital		
Amounts receivable	27,101	48,651
Prepaid expenses and deposits	11,643	5,923
Inventory	3,782	(209,200)
Accounts payables and accrued liabilities	544,248	376,187
Cash used in operating activities	$ (1,273,282)	$ (3,842,946)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(306,768)
Cash used in investing activities	$ -	$ (306,768)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common shares	349,500	1,925,250
Proceeds from loans advanced	200,000	-
Proceeds from restricted cash	17,500	-
Repayment of convertible debentures	-	(43,750)
Exercise of warrants	737,000	1,287,500
Lease payments	(197,535)	(175,754)
Cash provided by financing activities	$ 1,106,465	$ 2,993,270
Net decrease in cash	**$ (166,817)**	**$ (1,156,488)**
Cash, beginning of the year	$ 187,193	$ 1,343,681
Cash, end of the year	**$ 20,376**	**$ 187,193**

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.

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 October 29, 2024.

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, 2024, the Company has not achieved profitable operations, has incurred a net loss of $2,070,058 during the year ended June 30, 2024, and, as of that date, the Company's current liabilities exceeded its current assets by $1,684,161 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.

2. BASIS OF PREPARATION (continued)

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, 2024
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. MATERIAL ACCOUNTING POLICY INFORMATION

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.

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial Instruments (Continued)

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	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.

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial Instruments (Continued)

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.

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Property and equipment (continued)

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.

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leases (Continued)

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.

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 modification, 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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Share-based payments (Continued)

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.

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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.

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.

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. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue (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.

    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.

iii) 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.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

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 Company assesses its property and equipment, and right-of-use assets 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, and right of use assets 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 asset 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.

iii) 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.

(Expressed in Canadian Dollars)

5. AMOUNTS RECEIVABLE

		June 30, 2024		June 30, 2023
Trade accounts receivables	$	74,218	$	87,237
Sales tax receivable		40,103		72,948
Marketing fees receivable		18,763		-
	$	**133,084**	**$**	**160,185**

6. INVENTORY

		June 30, 2024		June 30, 2023
Finished goods	$	158,343	$	100,391
Packaging		34,483		33,413
Raw materials		100,382		150,080
Work in Process		69		15,750
	$	**293,277**	**$**	**299,634**

Inventory is 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 $1,635,636 (2023 - $2,048,266).

During the year ended June 30, 2024, the Company incurred inventory write-offs of $48,104 (2023 - $Nil).

7. 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**

(Expressed in Canadian Dollars)

7. PROPERTY AND EQUIPMENT (Continued)

	Leasehold Improvements	Equipment	Office Equipment	Automobiles	Total
Cost					
As at June 30, 2023	$ 143,204	$ 849,262	$ 128,936	$ 8,132	1,129,534
Balance at June 30, 2024	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	-	49,077	-	-	49,077
Balance at June 30, 2024	143,204	617,347	128,936	8,132	897,619
Net book value – June 30, 2024	**$ -**	**$ 231,915**	**$ -**	**$ -**	**$ 231,915**

During the year ended June 30, 2024, depreciation expensed through cost of sales was $21,440 (2023 – $69,103).

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:

During the year ended June 30, 2023, 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.

(Expressed in Canadian Dollars)

8. LEASES AND RIGHT-OF-USE ASSETS

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

		June 30, 2024		June 30, 2023
Opening balance	$	150,308	$	311,480
Additions		361,481		-
Depreciation		(178,341)		(161,172)
Ending balance	$	333,448	$	150,308

During the year ended June 30, 2024, depreciation expensed through cost of sales was $64,777 (2023 - $58,603)

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

		June 30, 2024		June 30, 2023
Opening balance	$	162,528	$	320,212
Additions		361,481		-
Interest expense		14,433		18,070
Lease payments		(197,535)		(175,754)
Ending balance	$	340,907	$	162,528
Which consist of:				
Current lease liability		96,364		132,268
Non-current lease liability		244,543		30,260
	$	340,907	$	162,528

The Company's right-of-use asset and lease liability relate to the office and plant premises. As at June 30, 2024 future payments required are as follows:

	June 30, 2024
Payable not later than one year	$ 96,364
Payable later than one year and not later than five years	244,543
	$ 340,907

The Company’s leases have the following details:

	Description	Term	Renewal option	Expiry
Lease 1	Production facility	3 years	3 years	September 30, 2027
Lease 2	Production facility	1 Year	1 year	October 31, 2024
Lease 3	Storage facility	1 year	None	August 31, 2025

Subsequent to the year ended June 30, 2024, the Company extended lease 3 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 was determined that it is not reasonably certain to exercise these options.

(Expressed in Canadian Dollars)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		June 30, 2024		June 30, 2023
Trade accounts payable	$	1,361,625	$	1,114,423
Accrued liabilities		531,679		237,379
	$	**1,893,304**	**$**	**1,351,802**

10. 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, 2024.

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,			
		2024		2023
Salary and management fees	$	360,000	$	597,500
Legal fees		18,195		10,325
Share-based compensation expensed		(58,216)		160,064
	$	**319,979**	**$**	**767,889**

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, 2024		June 30, 2023
Due to directors and officers	$	37,280	$	21,525
Convertible debentures		-		228,504
	$	**37,280**	**$**	**250,029**

a) During the year ended June 30, 2024 included in legal fees is $18,195 (2023 - $10,325) paid to a law firm in which the director has a partnership interest and is included in accounting and legal in the financial statements.
b) During the year ended June 30, 2024, the Company had sales of $5,108 (2023 - $6,417) to a Company owned by an officer and director of the Company.

11. LOANS PAYABLE

Loans payable are carried at amortized cost and consist of:

(i) Canada Emergency Business Account loans. On December 31, 2023 and the remaining balances of the loans were converted to 3-year term loans at 5% annual interest paid monthly, commencing January 1, 2024. The full principal amount is due on December 31, 2026. During the year ended June 30, 2024 the Company recorded $32,113 (2023 - $9,517) of interest accretion and $2,494 (2023 - $9,517) of interest expense.

(Expressed in Canadian Dollars)

11. LOANS PAYABLE (Continued)

(ii) Loan payable. On March 8, 2024 the Company entered into a loan agreement with an arm's length lender pursuant to which the Company may borrow up to $250,000. The loans advanced bear interest at 10% per annum, are unsecured, and mature September 14, 2024. In connection with making the loan facility available, the Company agreed to issue up to an aggregate of 1,785,700 share purchase warrants to the Lender on the date of the first advance under the Loan Agreement, with such Bonus Warrants vesting on a pro rata basis upon advance of each Loan pursuant to the Loan Agreement. Each Bonus Warrant will be exercisable into one (1) class "A" common share at a price of $0.14 for a period of five years from the date of issuance. 1,428,560 warrants had vested as at June 30, 2024. The Company has recognized $1,861 of debt issuance costs related to the vested warrants. During the year ended June 30, 2024, the Company recorded $3,356 of interest expense related to the loan payable.

		June 30, 2024		June 30, 2023
CEBA loans payable bearing interest at 5%, non-amortizing with the full principal amount due on December 31, 2026	$	102,494	$	66,889
Loans payable bearing interest at 10%, payable September 14, 2024		201,496		-
	$	**303,990**	**$**	**66,889**
Current		201,496		66,889
Non-current		102,494		-
	$	303,990	$	66,889

12. CONVERTIBLE DEBENTURES

		June 30, 2024		June 30, 2023
Opening balance	$	283,775	$	475,365
Finance costs		1,520		23,115
Repayment of principal		(135,295)		(214,705)
	$	**150,000**	**$**	**283,775**

During the year ended June 30, 2024 and 2023, the following transactions with convertible debentures occurred:

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.

12. CONVERTIBLE DEBENTURES (Continued)

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.

On November 6, 2023, the Company settled convertible debentures with a book value of $135,295 by issuing 437,500 common shares.

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 year ended June 30, 2024:

- 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.
- On October 6, 2023, warrant holders exercised 2,000,000 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 $100,000.
- On October 13, 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.
- On October 25, 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.
- On November 6, 2023, the Company issued 437,500 shares upon the conversion of $135,295 of principal of convertible debentures.
- On December 11, 2023, the Company issued 1,098,000 common shares at a price of $0.25 and received gross proceeds of $274,500.
- On December 18, 2023, the Company issued 300,000 common shares at a price of $0.25 and received gross proceeds of $75,000.
- On February 1, 2024, warrant holders exercised 1,500,000 warrants at an exercise price of $0.05. As a result of the exercise of the warrants, the Company issued 1,500,000 common shares and received gross proceeds of $75,000.
- On February 1, 2024, warrant holders exercised 100,000 warrants at an exercise price of $0.25. As a result of the exercise of the warrants, the Company issued 100,000 common shares and received gross proceeds of $25,000.

13. SHARE CAPITAL AND RESERVES (Continued)

- On March 7, 2024, 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 April 7, 2024, 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.
- On May 8, 2024, warrant holders exercised 2,740,000 warrants at an exercise price of $0.05. As a result of the exercise of the warrants, the Company issued 2,740,000 common shares and received gross proceeds of $137,000.

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.

(Expressed in Canadian Dollars)

13. SHARE CAPITAL AND RESERVES (Continued)

(c) Escrow shares

During the year ended June 30, 2024, 2,735 (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. On March 28, 2024, 2,000,000 of these RSUs were cancelled.

(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, 2024 and June 30, 2023 is as follows:

	Options	Weighted Average Exercise Price
Balance, June 30, 2022	7,007,550	$ 0.29
Grant	200,000	0.69
Balance, June 30, 2023	7,207,550	0.32
Forfeited	(3,917,550)	(0.35)
Balance, June 30, 2024	3,290,000	$ 0.25

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.

(Expressed in Canadian Dollars)

13. SHARE CAPITAL AND RESERVES (Continued)

The fair value of the options granted during the year ended June 30, 2023 year has been estimated using the Black-Scholes Option Pricing Model assuming a grant date share price of $0.61, risk-free rate of 3.10% with an expected life of 5 years, expected volatility of 136% 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 June 30, 2024 are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Weighted Average Exercise Price	Remaining Life (Years)
5,000	5,000	$6.00	July 18, 2024	$6.00	0.05
35,000	35,000	$4.00	January 3, 2025	$4.00	0.51
3,250,000	3,203,700	$0.20	November 5, 2026	$0.20	2.35
3,290,000	3,243,700			$0.25	2.33

For the year ended June 30, 2024, the Company recorded a stock-based compensation recovery of $69,585 in respect of incentive stock options (2023 – $284,979).

(d) Warrants

The continuity of warrants for the years ended June 30, 2024 and 2023 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
Granted	1,428,560	$ 0.14
Exercised	(10,340,000)	$ 0.07
Balance, June 30, 2024	51,314,273	$ 0.16

At June 30, 2024, the following warrants were outstanding:

Expiry Date	Number of Warrants issued and exercisable	Exercise Price	Weighted average remaining contractual life (years)
March 31, 2026	24,510,000	$0.05	1.75
July 23, 2026	2,000,000	$0.15	2.06
October 29, 2026	17,875,000	$0.25	2.33
December 9, 2025	5,500,713	$0.40	1.44
March 15, 2029	1,428,560	$0.14	4.71
	51,314,273	$0.16	2.01

(Expressed in Canadian Dollars)

14. REVENUES

Revenue for the year ended June 30, 2024 are from the sales of dry food mixes and frozen food products which totaled $1,321,892 (2023 - $1,189,497). All revenues for the year ended June 30, 2024 and 2023 occur within North America.

Two major customers accounted for 75%, and 10% (2023 – Three customers - 65%, 14% and 9%) of the Company's revenue for the year ended June 30, 2024 and made up of 41% and 30% (2023 – Three customers - 58%, 8% and 20%) of the trade receivables as at June 30, 2024.

15. EXPENSES BY NATURE

For the year ended June 30, 2024:

	Cost of sales	General and administrative	Sales and marketing
Personnel	$ 559,819	$ 659,762	$ -
Travel	-	6,049	-
Office	73,663	255,037	-
Depreciation	86,217	-	-
Raw Materials	973,169	-	-
Consulting	-	-	341,540
Accounting and legal	-	123,993	-
Finance costs	20,828	-	-
Advertising and marketing fees	-	-	99,009
Impairment of inventory	48,104	-	-
Totals	$ 1,761,800	$ 1,044,841	$ 440,549

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

(Expressed in Canadian Dollars)

16. 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, 2024	June 30, 2023
Loss before income taxes	$ (2,070,058)	$ (6,114,700)
Statutory income tax rate	27%	27%
Expected tax recovery	(558,916)	(1,650,969)
Non-deductible expenditures and other	(243,185)	2,859,636
Change in unrecognized deferred assets	802,101	(1,208,667)
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, 2024	June 30, 2023
Deferred tax assets:		
Non-capital losses	$ 2,457,870	$ 1,933,072
Share issuance costs	-	24,411
Right-of-use assets	2,014	3,299
Exploration and Evaluation Assets	23,594	23,594
Property and equipment	248,420	(54,579)
	2,731,898	1,929,797
Unrecognized deferred tax assets	(2,731,898)	(1,929,797)
	$ -	$ -

As at June 30, 2024, the Company has estimated non-capital losses of approximately $9,103,220 (2023 - $7,159,528) for Canadian income tax purposes that may be carried forward to reduce taxable income expiring in various amounts starting from 2033 to 2044.

17. 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 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. Credit risk is assessed as low.

(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, 2024, the Company had a cash balance of $20,376 (June 30, 2023 - $187,193) to settle current liabilities of $2,191,164 (June 30, 2023 - $1,550,959). Liquidity is assessed as high.

(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, providing a natural hedge against the risk of foreign exchange fluctuations. 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)

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

As at June 30, 2024, the Company was exposed to foreign currency risk through the following financial assets and liabilities denominated in foreign source currencies.

	June 30, 2024		**June 30, 2023**	
	US Dollar	Japanese Yen	US Dollar	Japanese Yen
Cash	$ 150	541	$ 146,094	$ 541
Accounts receivable	12,113	-	7,560	-
Accounts payable	46,024	165,777	38,194	165,777
Total	$ 58,287	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.

(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, 2024:			
Cash	20,376	-	-
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, and 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, 2024 and June 30, 2023, the Company's has no Level 3 instruments.

(Expressed in Canadian Dollars)

18. SUPPLEMENTAL DISCLOSURE OF CASH FLOWS

		Year ended June 30, 2024		Year ended June 30, 2023
Cash paid for interest	$	8,192	$	13,502

19. 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, 2024, 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.

20. SUBSEQUENT EVENTS

On July 5, 2024, the Company amended the loan agreement disclosed in Note 11 (ii) whereby the principal amount of the loan was increased to up to $500,000. Pursuant to the amended agreement, the Company issued an additional 1,785,700 warrants to the Lender ("Additional Bonus Warrants") on the date of the amendment, with such Additional Bonus Warrants vesting on a pro rata basis upon the advance of each loan pursuant to the amended loan agreement. Each Additional Bonus Warrant will be exercisable into one (1) class "A" common share at a price of $0.14 and have an expiry date of March 15, 2029. On September 8, 2024, the Company amended the loan agreement to extend the maturity date of all amounts borrowed under the loan to March 31, 2025. On October 7, 2024, the Company amended the loan agreement again whereby the principal amount of the loan was increased to up to $750,000. Pursuant to the amended agreement, the Company issued additional bonus warrants of 1,785,700 with the same characteristics as the warrants issued on July 4, 2024.

Subsequent to June 30, 2024, the Company received an additional $400,000 in debt financing pursuant to the loan agreement.