

---

**CITY VIEW GREEN HOLDINGS INC.  
CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022  
(EXPRESSED IN CANADIAN DOLLARS)**

---

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of City View Green Holdings Inc.

### ***Opinion***

We have audited the consolidated financial statements of City View Green Holdings Inc. and its subsidiary (together, the “Company”), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders’ equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (“IFRS”).

### ***Basis of Opinion***

We conducted our audits in accordance with Canadian generally accepted auditing standards (“GAAS”). Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated 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 1 of the consolidated financial statements which indicates that as at December 31, 2023 the Company has an accumulated deficit of \$44,103,403, and a working capital deficiency of \$3,729,127 and for the year then ended the Company incurred a net loss of \$2,448,592. These events or conditions along with other matters as set forth in Note 1, 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 consolidated financial statements as at and for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated 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 above in the Material Uncertainty Related to Going Concern section, we have determined that there are no key audit matters to be communicated in our report.

## ***Other Information***

Management is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis (“MD&A”) but does not include the consolidated financial statements and our auditors’ report thereon.

Our opinion on the consolidated financial statements does not cover the MD&A and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the MD&A identified above and, in doing so, consider whether the MD&A is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

We obtained the MD&A prior to the date of this auditors’ report. If, based on the work we have performed on this MD&A, we conclude that there is a material misstatement of this MD&A, 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 Consolidated Financial Statements***

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

In preparing the consolidated financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters relating 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.

## ***Auditors’ Responsibilities for the Audits of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ 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 GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audits. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 audits in order to design audit procedures that are appropriate in the circumstances, but not for the purposes 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 auditors’ report to the related disclosures in the consolidated 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 auditors’ 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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 auditors’ 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 audits resulting in this independent auditors’ report is Laurence W. Zeifman, CPA, CA.

**Toronto, Ontario**  
**April 28, 2024**

*Zeifmans LLP*  
**Chartered Professional Accountants**  
**Licensed Public Accountants**

**City View Green Holdings Inc.**  
**Consolidated Statements of Financial Position**  
**(Expressed in Canadian Dollars)**

As at	December 31, 2023	December 31, 2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 343	\$ -
Amounts receivable (note 5)	3,503	95,202
Prepaid expenses	-	36,925
Promissory note receivable (note 6)	-	392,139
Due from related parties (note 16)	-	106,932
<b>Total current assets</b>	<b>3,846</b>	<b>631,198</b>
<b>Non-current assets</b>		
Plant and equipment (note 7)	-	1,062,705
<b>Total assets</b>	<b>\$ 3,846</b>	<b>\$ 1,693,903</b>
<b>DEFICIENCY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Bank overdraft	\$ -	\$ 494
Accounts payable and accrued liabilities (note 9)	2,234,404	1,868,703
Promissory notes payable (note 10)	557,650	293,790
Loans payable (note 11)	836,230	665,730
Due to related parties (note 16)	104,689	65,000
<b>Total current liabilities</b>	<b>3,732,973</b>	<b>2,893,717</b>
<b>Non-current liabilities</b>		
Promissory note payable (note 10)	-	213,315
<b>Total liabilities</b>	<b>3,732,973</b>	<b>3,107,032</b>
<b>Shareholders' deficiency</b>		
Share capital (note 13)	32,206,706	31,831,706
Shares to be issued (note 13)	-	257,223
Contributed surplus (note 14)	8,124,653	8,113,253
Equity portion of convertible loan payable (note 11)	42,917	39,500
Deficit	(44,103,403)	(41,654,811)
<b>Total shareholders' deficiency</b>	<b>(3,729,127)</b>	<b>(1,413,129)</b>
<b>Total shareholders' deficiency and liabilities</b>	<b>\$ 3,846</b>	<b>\$ 1,693,903</b>

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

Nature of operations and going concern (note 1)

**Approved on behalf of the Board:**

(Signed) "Rob Fia" \_\_\_\_\_ Director

(Signed) "Tim Peterson" \_\_\_\_\_ Director

**City View Green Holdings Inc.**  
**Consolidated Statements of Loss and Comprehensive Loss**  
**(Expressed in Canadian Dollars)**

	Year Ended December 31, 2023	Year Ended December 31, 2022
<b>Revenue</b>	<b>\$ 8,582</b>	<b>\$ 267,448</b>
<b>Expenses</b>		
Consulting (note 16)	301,822	625,801
Depreciation (notes 7 and 8)	299,320	773,810
General and administration	206,211	296,940
Professional fees	105,613	232,538
Interest on loans payable, promissory notes payable and due to related parties (notes 10, 11 and 16)	101,560	59,204
Rent	79,263	90,360
Accretion (note 11)	29,751	13,166
Bad debt	6,591	106,651
Supplies	6,209	205,063
Debt issue costs (notes 11 and 15)	3,500	22,900
Interest on lease liabilities (note 12)	-	283,493
Share-based compensation (note 14)	-	38,900
Advertising and promotion	-	2,000
<b>Total expenses</b>	<b>1,139,840</b>	<b>2,750,826</b>
<b>Net loss before interest and undernoted items</b>	<b>(1,131,258)</b>	<b>(2,483,378)</b>
Interest income (note 6)	35,640	27,806
Gain on debt settlement (note 13)	12,500	66,904
Loss on lease termination (notes 7 and 12)	-	(27,349)
Impairment loss (notes 6 and 16)	(602,089)	-
Impairment of property and equipment (note 7)	(763,385)	-
<b>Net loss and comprehensive loss for the year</b>	<b>\$ (2,448,592)</b>	<b>\$ (2,416,017)</b>
<b>Basic and diluted net comprehensive loss per share (note 17)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>	<b>342,887,503</b>	<b>299,995,715</b>

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

## City View Green Holdings Inc.

### Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

For the Years Ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

	Share capital		Shares to be issued	Contributed surplus	Equity portion of convertible loan payable	Deficit	Total
	Number of shares	Amount					
<b>Balance, December 31, 2021</b>	<b>283,412,270</b>	<b>\$ 30,298,577</b>	<b>\$ 351,789</b>	<b>\$ 8,665,993</b>	<b>\$ -</b>	<b>\$(39,238,794)</b>	<b>\$ 77,565</b>
Units issued for cash	9,600,000	480,000	(275,000)	-	-	-	205,000
Fair value of warrants	-	(201,300)	-	201,300	-	-	-
Shares issued for debt settlement	1,261,784	56,780	-	-	-	-	56,780
Equity portion of convertible loan payable	-	-	-	-	39,500	-	39,500
Issued on exercise of warrants	26,980,571	1,197,649	-	(792,940)	-	-	404,709
Shares to be issued	-	-	180,434	-	-	-	180,434
Share-based compensation	-	-	-	38,900	-	-	38,900
Net loss and comprehensive loss for the year	-	-	-	-	-	(2,416,017)	(2,416,017)
<b>Balance, December 31, 2022</b>	<b>321,254,625</b>	<b>\$ 31,831,706</b>	<b>\$ 257,223</b>	<b>\$ 8,113,253</b>	<b>\$ 39,500</b>	<b>\$(41,654,811)</b>	<b>\$ (1,413,129)</b>
Shares issued for cash	24,833,335	372,500	(100,000)	-	-	-	272,500
Shares issued for debt settlement	500,000	2,500	-	-	-	-	2,500
Warrants issued for debt issue costs (notes 10(iii) and 11)	-	-	-	11,400	-	-	11,400
Shares to be issued	-	-	(157,223)	-	-	-	(157,223)
Equity portion of convertible loan payable	-	-	-	-	3,417	-	3,417
Net loss and comprehensive loss for the year	-	-	-	-	-	(2,448,592)	(2,448,592)
<b>Balance, December 31, 2023</b>	<b>346,587,960</b>	<b>\$ 32,206,706</b>	<b>\$ -</b>	<b>\$ 8,124,653</b>	<b>\$ 42,917</b>	<b>\$(44,103,403)</b>	<b>\$ (3,729,127)</b>

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

**City View Green Holdings Inc.**  
**Consolidated Statements of Cash Flows**  
**(Expressed in Canadian Dollars)**

	Year Ended December 31, 2023	Year Ended December 31, 2022
<b>Operating activities</b>		
Net loss for the year	\$ (2,448,592)	\$ (2,416,017)
Adjustments for:		
Depreciation	299,320	773,810
Share-based compensation	-	38,900
Accrued interest	65,920	31,398
Interest expense on lease liabilities	-	283,493
Debt issue costs	3,500	22,900
Accretion	29,751	13,166
Loss on lease termination	-	27,349
Gain on debt settlement	(12,500)	(66,904)
Impairment loss	602,089	-
Impairment of property and equipment	763,385	-
Changes in non-cash working capital items:		
Amounts receivable	91,699	(7,047)
Prepaid expenses	36,925	41,277
Accounts payable and accrued liabilities	231,378	438,630
<b>Net cash used in operating activities</b>	<b>(337,125)</b>	<b>(819,045)</b>
<b>Investing activities</b>		
Purchase of plant and equipment	-	(183,453)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(183,453)</b>
<b>Financing activities</b>		
Proceeds from issuance of shares and units, net of share issue costs	272,500	205,000
Proceeds from warrants exercised	-	404,709
Proceeds from promissory notes payable	-	330,000
Repayment of promissory note payable	-	(100,000)
Proceeds from loan payable	100,000	400,000
Advances from related parties	47,397	45,000
Advances to related parties	(81,935)	(106,932)
Shares to be issued	-	180,434
Repayment of lease liabilities	-	(398,862)
<b>Net cash provided by financing activities</b>	<b>337,962</b>	<b>959,349</b>
<b>Net change in cash for the year</b>	<b>837</b>	<b>(43,149)</b>
<b>Cash (bank overdraft), beginning of year</b>	<b>(494)</b>	<b>42,655</b>
<b>Cash (bank overdraft), end of year</b>	<b>\$ 343</b>	<b>\$ (494)</b>

Supplemental cash flow information (note 19)

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



---

**City View Green Holdings Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

---

**1. Nature of operations and going concern**

City View Green Holdings Inc. ("City View", and, with its subsidiary, the "Company") was incorporated pursuant to the Canada Business Corporations Act on February 5, 2008. The Company continued into British Columbia from the jurisdiction of Canada, under the *British Columbia Business Corporations Act*, on February 18, 2011. On February 27, 2019, the Company completed a reverse take-over business combination with 2590672 Ontario Inc. ("2590672 Ontario") wherein the Company acquired 100% of the issued and outstanding common shares of 2590672 Ontario and began trading on the Canadian Securities Exchange (the "CSE") under the symbol "CVGR". The Company's registered office is located at 345 Danforth Avenue, Toronto, Ontario, M4K 1N7.

The Company formulates, produces and sells cannabis edibles and related products.

The consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due. As at December 31, 2023, the Company has an accumulated deficit of \$44,103,403 (December 31, 2022 - \$41,654,811) and a working capital deficiency of \$3,729,127 (December 31, 2022 - working capital deficiency of \$2,262,519), and for the year then ended, the Company incurred a net loss of \$2,448,592 (year ended December 31, 2022 - net loss of \$2,416,017). In April 2024, the Company announces that it was exiting the retail cannabis space. As disclosed in Note 11, the line of credit agreement with an outstanding balance of \$796,230 will expire on December 31, 2024. These conditions raise material uncertainties which cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. While the Company is continuing its best efforts to achieve the above plans, there is no assurance that any such activity will generate funds for operations. The consolidated financial statements do not reflect adjustments to the carrying values and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments may be material.

**2. Material accounting policies**

**Basis of presentation**

The Company applies 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").

The policies applied in these consolidated financial statements are based on IFRS issued and effective for the year ended December 31, 2023. These consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on April 28, 2024.

The Company's Board of Directors have the power to amend the consolidated financial statements after issue.

The consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company. They have been prepared on the historical cost basis, except for financial instruments that have been measured at fair value through profit and loss (FVTPL).

In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

---

**City View Green Holdings Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

---

**2. Material accounting policies (continued)**

**Basis of consolidation**

These consolidated financial statements incorporate the financial statements of the Company and its subsidiary.

The Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases. Control is achieved when an investor has power over an investee to direct its activities, exposure to variable returns from an investee, and the ability to use the power to affect the investor's returns.

The results of subsidiaries acquired or disposed of during the years presented are included in the consolidated statements of comprehensive loss from the effective date of control and up to the effective date of disposal or loss of control, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

**Cash and cash equivalents**

Cash and cash equivalents include cash on deposit at banking institutions, deposits in transit and bank overdraft where balances change from positive to overdrawn. The Company did not have any cash equivalents as at December 31, 2023.

**Plant and equipment**

Upon initial acquisition, plant and equipment is valued at cost, being the purchase price and the directly attributable costs of acquisition required to bring the assets to the location and in the condition necessary for these assets to be capable of operating in the manner intended by management. In subsequent periods, plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Each component or part of plant and equipment with a cost that is significant in relation to the total cost of the item will be depreciated separately, unless there is no difference in depreciation on the respective components.

Leasehold improvement	5 years, straight-line method
Equipment	5 years, straight-line method

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The recoverable amount is the higher of fair value less disposal costs and value in use. In assessing value in use, the estimated future cash flows are discounted at a rate that reflects current market assessments of the pre-tax time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statements of loss.

---

**City View Green Holdings Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

---

**2. Material accounting policies (continued)**

**Goodwill**

Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill has been impaired. In order to determine if the value of goodwill has been impaired, the groups of assets (each a "Cash-Generating Unit" or a "CGU") to which goodwill has been allocated must be valued using present value techniques. The Company assesses impairment by comparing the recoverable amount of a long-lived asset, CGU, or CGU group to its carrying value. The recoverable amount is defined as the higher of: (i) value in use; or (ii) fair value less cost to sell. The determination of the recoverable amount involves significant estimates and assumptions. When applying this valuation technique, the Company relies on a number of factors, including historical results, business plans, forecasts and market data. Changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill.

**Leases and right-of-use assets**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. Contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases giving rise to right-of-use assets.

At the commencement date, a right-of-use asset is measured at cost, where cost comprises: (a) the amount of the initial measurement of the lease liability; (b) any lease payments made at or before the commencement date, less any lease incentives received; (c) any initial direct costs incurred by the Company; and (d) 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 Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any re-measurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term.

A lease liability is initially measured at the present value of the unpaid lease payments. Subsequently, the Company measures a lease liability by: (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments. Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs.

The Company elected to not recognize right of use assets and lease liabilities that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit on a straight-line basis over the lease term.

---

**City View Green Holdings Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

---

**2. Material accounting policies (continued)**

**Investments in associates**

Investments in associates are those entities over which the Company has or is deemed to have significant influence, but not control over, the financial and operating policies. The Company also provides loans to these entities. Investment in associate are carried in the consolidated statement of financial position using the equity method. The equity method is the basis of accounting for investments whereby the investment is initially recorded at cost and the carrying value is adjusted thereafter to include the investor's pro-rata share of post-acquisition earnings and other comprehensive income of the investee. Funding advances to the investee increase the carrying value of the investment and profit distributions from the investment, if any, reduce the carrying value of the investment.

**Revenue recognition**

The Company's accounting policy for revenue recognition under IFRS 15 is to follow a five-step model to determine the amount and timing of revenue to be recognized:

1. Identifying the contract with a customer;
2. Identifying the performance obligations within the contract;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Revenue is recognized when the amount of revenue can be measured reliably, the economic benefits associated with the revenue will flow to the Company, the stage of completion can be measured reliably, and the costs incurred for the transaction can be measured reliably.

Revenue is derived from the sale of the Company's goods. Performance obligations are satisfied upon delivery of the goods to the customers, and the customers receive and accept the goods. Customers are billed and revenue is recognized upon delivery to the customers.

**Share-based compensation**

The Company accounts for all equity-settled stock-based payments using a fair value based method incorporating the Black-Scholes option pricing model. Under the fair value based method, compensation cost attributable to options granted is measured at fair value at the grant date and is either recorded at the date of grant, in the case of options that vest immediately, or over the vesting period in the case of options that vest over a period of time. In the latter case, the Company estimates forfeitures at the time of grant and the amount recognized as an expense from time to time is adjusted to reflect any changes in the Company's estimate of the shares that will eventually vest and the effect of any non-market vesting conditions.

The valuation is dependent on a number of estimates, including the risk free interest rate, the level of share volatility, together with an estimate of the level of forfeiture. The level of share volatility is calculated with reference to the historic traded daily closing share price at the date of issue. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

Share-based payment arrangements with non-employees in which the Company receives goods or services as consideration are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case they are measured at the fair value of equity instruments granted.

---

**City View Green Holdings Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

---

**2. Material accounting policies (continued)**

**Share-based compensation (continued)**

Share-based compensation cost is credited to contributed surplus at fair value based on Black-Scholes at issue date. Such fair values remain in contributed surplus if the options expire or are forfeited but are credited to share capital if exercised.

**Provision**

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation.

**Financial instruments**

Recognition

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

Classification and measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- i) those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive loss ("FVTOCI"); and
- ii) those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive loss (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

- i) amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss;
- ii) FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
- iii) FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

---

**City View Green Holdings Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

---

**2. Material accounting policies (continued)**

**Financial instruments (continued)**

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

The Company's financial instruments classified and measured as follows:

Cash (bank overdraft)	FVTPL
Due from related parties	Amortized cost
Promissory note receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Promissory notes payable	Amortized cost
Loans payable	Amortized cost
Due to related parties	Amortized cost

Impairment

*Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortized costs and debt financial assets carried at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default of past due event;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

*Recognition of allowance of expected credit losses ("ECL") in the statement of financial position*

The Company recognizes a loss allowance for ECL on trade receivables that are measured at amortized cost. The Company's applied the simplified approach for trade receivables and recognizes the lifetime ECL for these assets. The ECL on trade receivables is estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the customers, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

---

**City View Green Holdings Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

---

**2. Material accounting policies (continued)**

**Financial instruments (continued)**

Impairment (continued)

For all other financial assets measured at amortized cost or FVOCI, the Company recognizes lifetime ECL only when there has been a significant increase in credit risk since initial recognition. If the credit risk on such financial instruments has not increased significantly since initial recognition, the Company measures the loss allowance on those financial instruments at an amount equal to 12-months ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial asset. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial asset that are possible within 12 months after the reporting date. In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Company compares the risk of default occurring on the financial asset at the reporting date with the risk of default occurring at the initial recognition. The Company considers both quantitative and qualitative factors that are supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Irrespective of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise. Despite the foregoing, the Company presumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

*Definition of default*

For internal credit risk management purposes, the company considers a financial asset not recoverable if the customer balance owing is 90 days past due and information obtained from the customer and other external factors indicate that the customer is unlikely to pay its creditors in full.

*Write off policy*

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Financial instruments recorded at fair value

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs)

---

**City View Green Holdings Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

---

**2. Material accounting policies (continued)**

**Loss per share**

Basic and diluted net loss per share are calculated using the weighted average number of outstanding shares. The calculation of diluted loss per share takes into account the potential impact of the exercise of all dilutive instruments (such as stock options) on the theoretical number of shares using the treasury method. The Company had no dilutive instruments during the years ended December 31, 2023 and 2022.

**Related party transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

**Income tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets and liabilities are determined on a non-discounted basis, using the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets are recognized to the extent that it is probable that the asset can be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

**Government assistance**

Government assistance from the Canada Emergency Business Account ("CEBA") loans under federal COVID-19 response programs are recorded as a liability until there is reasonable assurance that the forgivable portion of the assistance will not be repayable.



---

**City View Green Holdings Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

---

**2. Material accounting policies (continued)**

**New standards, amendment and interpretation not yet adopted**

IAS 1, Presentation of Financial Statements ("IAS 1") - Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued amendments to IAS 1. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the consolidated statements of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The Company determined that the impact of adopting these amendments has no material effect on the Company's consolidated financial statements.

All other IFRSs and amendments issued but not yet effective have been assessed by the Company and determined to have no material impact on the Company's consolidated financial statements.

**Accounting standards adopted for the year**

Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2, Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policies disclosures that are more useful by replacing the requirement for entities to disclose "significant" accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting disclosures. The amendments to IAS 1 are applicable for annual periods beginning on or after January 1, 2023 with earlier application permitted. Since the amendments to IFRS Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Company has determined that adoption of these amendments has no material effect on the Company's consolidated financial statements.

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") - Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a new definition of "accounting estimates". The amendments are designed to clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amended standard explains how entities use measurement techniques and inputs to develop accounting estimates and states that these can include estimation and valuation techniques. The amendments become effective for annual reporting periods beginning on or after January 1, 2023. The Company has determined that adoption of these amendments has no material effect on the Company's consolidated financial statements.

---

**City View Green Holdings Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

---

**3. Significant accounting judgments, estimates and assumptions**

The preparation of the consolidated financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. The preparation of the consolidated financial statements also requires management to exercise judgment in the process of applying the accounting policies.

Critical accounting estimates

Share-based compensation – management is required to make a number of estimates when determining the compensation expense resulting from share-based transactions, including the forfeiture rate and expected life of the instruments.

Warrants – management is required to make a number of estimates when measuring the value of warrants including expected life of the instruments.

Plant and equipment - management is required to estimate the useful lives and residual value of property and equipment which are included in the consolidated statements of financial position and the related depreciation included in the consolidated statements of loss and comprehensive loss.

Recoverability of promissory notes receivable – Management's assessment of whether indicator of write off the receivable are present requires judgment based on facts and circumstances at reporting period ends.

Critical judgments in applying accounting policies

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

Going concern – the assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements as discussed in note 1.

Impairment assessment of investment in associate – Management's assessment as to whether there is any objective evidence that its net investment in the associate is impaired. Management must determine whether there has been a loss event that has an impact of the estimated future cash flows from the net investment that can be reliably estimated. Objective evidence that the net investment is impaired includes observable data that comes to the attention of the entity.

Impairment of plant and equipment and right-of-use assets - assessing whether indicators of impairment exist at reporting period ends and, if required, determining recoverable amounts including assumptions and inputs thereto.

**City View Green Holdings Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

**4. Capital risk management**

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and financial markets in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, or adjusting spending. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital structure to consist of share capital, shares to be issued, contributed surplus, equity portion of convertible loan payable, and deficit, which at December 31, 2023 totaled a deficiency of \$3,729,127 (December 31, 2022 - deficiency of \$1,413,129). The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. Selected information is provided to the Board of Directors of the Company. The Company is not subject to any capital requirements imposed by a lending institution.

**5. Amounts receivable**

	As at December 31, 2023	As at December 31, 2022
Sales tax recoverable	\$ 3,503	\$ 95,202

**6. Promissory note receivable**

On March 5, 2019, the Company entered into a loan agreement in the amount of \$200,000 with 11103016 Canada Inc. ("11103016 Canada"). The loan is secured by 11103016 Canada's inventory and equipment, and bears interest rate of Prime Bank Rate plus 5% per annum, calculated monthly not in advance. The loan is repayable on or before March 5, 2020. The Company loaned an additional \$100,000 to 11103016 Canada in August 2019. On March 5, 2020, the Company extended the repayment date of the loan to December 31, 2020. In April 2021, the repayment date was extended to December 31, 2021, and in April 2022, the repayment date was further extended to December 31, 2022.

During the year ended December 31, 2023, the Company determined that the promissory note was not recoverable and recorded an impairment loss of \$427,779.

**7. Plant and equipment**

<b>Cost</b>	<b>Leasehold</b>		
	<b>improvements</b>	<b>Equipment</b>	<b>Total</b>
Balance, December 31, 2021	\$ 1,106,281	\$ 1,402,823	\$ 2,509,104
Additions	89,674	93,779	183,453
Impairment (i)	(1,195,955)	-	(1,195,955)
Balance, December 31, 2022	-	1,496,602	1,496,602
Impairment (ii)	-	(1,496,602)	(1,496,602)
Balance, December 31, 2023	\$ -	\$ -	\$ -

**City View Green Holdings Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

**7. Plant and equipment (continued)**

<b>Accumulated depreciation</b>	<b>Leasehold improvements</b>		<b>Equipment</b>	<b>Total</b>
Balance, December 31, 2021	\$ 339,560	\$ 142,823	\$	\$ 482,383
Depreciation for the year	235,750	291,074		526,824
Impairment (i)	(575,310)	-		(575,310)
Balance, December 31, 2022	-	433,897		433,897
Depreciation for the year	-	299,320		299,320
Impairment (ii)	-	(733,217)		(733,217)
Balance, December 31, 2023	\$ -	\$ -	\$	\$ -

<b>Carrying value</b>	<b>Leasehold improvements</b>		<b>Equipment</b>	<b>Total</b>
Balance, December 31, 2022	\$ -	\$ 1,062,705		\$ 1,062,705
Balance, December 31, 2023	\$ -	\$ -		\$ -

(i) For the year ended December 31, 2022, the Company impaired its leasehold improvements as the Company's lease was terminated (see note 12).

(ii) For the year ended December 31, 2023, the Company determined it will not be able to recover any amount from its equipment. As a result, the Company recorded an impairment on property and equipment of \$763,385.

**8. Right-of-use assets**

<b>Cost</b>	<b>Brantford facility</b>
Balance, December 31, 2021	\$ 3,316,387
Lease termination (note 12(i))	(3,316,387)
Balance, December 31, 2022 and December 31, 2023	\$ -
<b>Accumulated depreciation</b>	
Balance, December 31, 2021	\$ 820,077
Depreciation for the year	246,986
Lease termination (note 12(i))	(1,067,063)
Balance, December 31, 2022 and December 31, 2023	\$ -
<b>Carrying value</b>	
Balance, December 31, 2022	\$ -
Balance, December 31, 2023	\$ -

**City View Green Holdings Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

**9. Accounts payable and accrued liabilities**

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding for purchases relating to general operating activities.

	As at December 31, 2023	As at December 31, 2022
Accounts payable	\$ 1,277,561	\$ 1,312,612
Accrued liabilities	956,843	556,091
<b>Total accounts payable and accrued liabilities</b>	<b>\$ 2,234,404</b>	<b>\$ 1,868,703</b>

**10. Promissory notes payable**

	Quinsam (i)	Therma (ii)	Other (iii)	Total
Balance, December 31, 2021	\$ 236,246	\$ -	\$ -	\$ 236,246
Promissory note advanced	30,000	200,000	100,000	330,000
Interest accrued	27,544	13,315	-	40,859
Repayment	-	-	(100,000)	(100,000)
Balance, December 31, 2022	293,790	213,315	-	507,105
Interest accrued	30,600	19,945	-	50,545
Balance, December 31, 2023	\$ 324,390	\$ 233,260	\$ -	\$ 557,650

- (i) In August 2021, the Company obtained a \$225,000 secured loan from Quinsam Capital Corporation ("Quinsam"). The loan is repayable by December 31, 2021, bears interest at 10% per annum, and is secured by the Company's assets.

In connection therewith, the Company issued 750,000 warrants to Quinsam. Each warrant is exercisable for one common share of the Company at a price of \$0.15 per share for a period of 2 years. The 750,000 warrants were valued at \$37,300 as estimated using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate - 0.47%; dividend yield - 0%; expected stock volatility - 199% and an expected life of 2 years.

In April 2022, the Company extended the repayment date to December 31, 2022. In consideration, the Company agreed to issue 500,000 shares of the Company to Quinsam. As a result, \$15,000 was expensed to debt issue cost.

During the year ended December 31, 2022, the Company obtained an additional \$30,000 loan from Quinsam.

In April 2023, the Company further extended the repayment date to December 31, 2023.

As at December 31, 2023, the Company owed \$324,390 (December 31, 2022 - \$293,790) including accrued interest.

**City View Green Holdings Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

**10. Promissory notes payable (continued)**

- (ii) On May 2, 2022, the Company issued a promissory note in the amount of \$200,000 to Therma Bright Inc, ("Therma"), a company with common management and directors. The note is non-secured, bears interest of 10% per annum and is due on May 2, 2024. As at December 31, 2023, the Company owed \$233,260 (December 31, 2022 - \$213,315) including accrued interest.
- (iii) On June 20, 2022, the Company issued a promissory note in the amount of \$100,000 to a third-party lender. The note bore interest at 0.005833% per month, and was due and was repaid on December 31, 2022.

As security for the obligations, the Company provided a general security agreement to the lender. As additional interest, the Company issued 750,000 warrants of the Company. Each warrant is exercisable for one common share of the Company at a price of \$0.10 per share until June 20, 2024. The 750,000 warrants are valued at \$7,900 as estimated using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate - 3.30%; dividend yield - 0%; expected stock volatility - 163% and an expected life of 2 years. As a result, the Company expensed \$7,900 to debt issue cost.

**11. Loans payable**

	LOC Agreement (i)	CEBA (ii)	Total
Balance, December 31, 2021	\$ 233,720	\$ 40,000	\$ 273,720
Loan advanced	400,000	-	400,000
Equity portion of convertible loan payable	(39,500)	-	(39,500)
Interest accrued	18,344	-	18,344
Accretion	13,166	-	13,166
Balance, December 31, 2022	625,730	40,000	665,730
Loan advanced	100,000	-	100,000
Equity portion of convertible loan payable	(3,417)	-	(3,417)
Interest accrued	44,166	-	44,166
Accretion	29,751	-	29,751
Balance, December 31, 2023	\$ 796,230	\$ 40,000	\$ 836,230

- (i) In 2020, the Company entered into a revolving line of credit (the "LOC") agreement with a third party lender (the "Lender"), whereby the Company can obtain \$1,500,000 of revolving line of credit financing facility to be used exclusively for the purchase of the Company's business related equipment, deposits for construction work and tenant's improvements on the Company's Brantford facility, or for security, rental payments, taxes and insurance related thereto. Funds advanced under the LOC are non-secured and bore interest at a rate of 10% per annum.

The LOC was to terminate on April 30, 2022 and bear interest at a rate of 7% per annum.

In September 2022, the LOC was amended. Under the terms of the amendment, the Lender may advance up to an additional \$500,000 under the LOC by December 15, 2022, upon certain conditions being met. The Lender has the right at any time until maturity to elect, in its sole discretion, to convert all or any portion of the outstanding amount into fully paid as non-assessable shares at a price of \$0.05 per share. The LOC was amended to terminate on June 30, 2023. The Company bifurcated \$39,500 to equity and the remaining balance to the carrying value of the loan.

**City View Green Holdings Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

**11. Loans payable (continued)**

- (i) (continued) On June 30, 2023, the LOC was amended to terminate on December 31, 2023. In connection with the amendment, the Company issued the Lender 3,250,000 share purchase warrants of the Company. The warrants expired on December 31, 2023 and were each exercisable for one common share of the Company at a price of \$0.10 per share. The 3,250,000 warrants were valued at \$3,500 as estimated using the Black- Scholes model for pricing options under the following assumptions: risk free interest rate - 4.81%; dividend yield - 0%; expected stock volatility - 352% and an expected life of 4 months.

In August 2023, the Lender advanced an additional \$100,000. The Company bifurcated \$3,417 to equity and the remaining balance to the carrying value of the loan.

For the year ended December 31, 2023, the Company recognized accretion expense of \$29,751 (2022 - \$13,166).

In April 2024, the LOC was amended to terminate on December 31, 2024.

- (ii) In April 2020, the Company received \$40,000 under the Canada Emergency Business Account (CEBA) program. 25% of the loan was forgivable if repaid by December 31, 2022. The loan accrues no interest until December 31, 2023 and must be repaid by December 31, 2023. The forgiveness repayment date has been extended to January 18, 2024 for eligible CEBA loan holders in good standing. If the loan remains outstanding on January 19, 2024, it will convert to a non-amortizing term loan with full repayment due on December 31, 2026. Repayment of CEBA on or before the due date will result in loan forgiveness of 25% (up to \$10,000). The entire balance of \$40,000 is due and outstanding as at December 31, 2023 and 2022.

**12. Lease liabilities**

	<b>Brantford facility</b>
Balance, December 31, 2021	\$ 2,957,989
Interest expense	283,493
Lease payments	(398,862)
Termination of lease (i)	(2,842,620)
<b>Balance, December 31, 2022 and December 31, 2023</b>	<b>\$ -</b>

- (i) On October 3, 2022, the Company terminated its lease agreement with respect to its Brantford facility. As a result, the Company recorded a loss on lease termination of \$27,349.

**City View Green Holdings Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

**13. Share capital**

**(a) Authorized share capital**

Unlimited number of common shares, with no par value.

**(b) Common shares issued**

	Number of common shares	Amount
Balance, December 31, 2021	283,412,270	\$ 30,298,577
Units issued for cash (i)	9,600,000	480,000
Fair value of warrants (i)	-	(201,300)
Common shares issued for debt settlement (ii)	1,261,784	56,780
Issued on exercise of warrants	26,980,571	1,197,649
Balance, December 31, 2022	321,254,625	\$ 31,831,706
Common shares issued for cash (iii)(iv)	24,833,335	372,500
Common shares issued for debt settlement (v)	500,000	2,500
Balance, December 31, 2023	346,587,960	\$ 32,206,706

- (i) On March 17, 2022, the Company closed a non-brokered private placement, pursuant to which it issued an aggregate of 9,600,000 units for aggregate gross proceeds of \$480,000. Each unit is comprised of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to purchase one common shares of the Company at a price of \$0.10 per share for a period of 2 years from the closing date, subject to acceleration from and after the date that is fourth months and one day after the closing date, if the closing price of the Company's common shares on the CSE is equal to or exceeds \$0.11 for 5 consecutive trading days, at which time the Company may accelerate the expiry date of the warrants to the date that is 30 following the date on which the Company issues notice to all the warrant holders of the new expiry date.

The 9,600,000 warrants issued were assigned a value of \$201,300 using the Black-Scholes valuation model using the following assumptions: unit price of \$0.05, weighted average risk-free rate of return of 1.89%, expected volatility of 198% based on historical trends, dividend yield of 0%, and expected life of 2 years.

- (ii) On March 17, 2022, the Company also issued 1,261,784 common shares to certain creditors of the Company to settle an aggregate debt of \$88,325. The common shares issued had a deemed price of \$0.045 based on the fair value and as a result, the Company recognized a gain on settlement of debt of \$31,545.
- (iii) On February 17, 2023, the Company closed the first tranche of a non-brokered private placement, pursuant to which it issued 21,666,668 common shares including at \$0.015 per share for aggregate gross proceeds of \$325,000 of which \$100,000 proceeds were from the shares to be issued recorded in 2022. A director of the Company subscribed for 3,333,334 shares for \$50,000.
- (iv) On March 20, 2023, the Company closed the second and final tranche of its non-brokered private placement, pursuant to which it issued 3,166,667 common shares at \$0.015 per share for aggregate gross proceeds of \$47,500.
- (v) On May 1, 2023, the Company issued 500,000 common shares to Quinsam to settle an aggregate debt of \$15,000 (see note 10(i)). The common shares issued had a deemed price of \$0.005 per share based on the fair value and as a result, the Company recognized a gain on settlement of debt of \$12,500.



**City View Green Holdings Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

**14. Stock options**

The Company has a Share Option Plan (the "Plan") under which it is authorized to grant options to purchase common shares of the Company to directors, senior officers, employees and/or consultants of the Company. The aggregate number of shares of the Company which may be issued and sold under the Plan may not exceed 15% of the total number of common shares issued and outstanding from time to time. Share options are granted with a maximum term of ten years with vesting terms at the discretion of the Board of Directors.

	Number of stock options	Weighted average exercise price
Balance, December 31, 2021	34,289,732	\$ 0.21
Granted (i)	500,000	0.10
Forfeited	(2,780,000)	0.15
Balance, December 31, 2022	32,009,732	\$ 0.21
Expired	(1,166,400)	0.38
Balance, December 31, 2023	30,843,332	\$ 0.21

- (i) On March 16, 2022, the Company granted 500,000 stock options to a consultant of the Company exercisable at \$0.10 per common share. The options vested immediately and expire in 3 years. The grant date fair value of \$18,500 was assigned to the stock options as estimated by using the Black-Scholes valuation model with the following assumptions: share price of \$0.045, expected dividend yield of 0%, expected volatility of 177%, risk-free rate of return of 1.90%, an expected maturity of 3 years, and forfeiture rate of 0%. For the year ended December 31, 2023, \$nil (2022 - \$nil and \$18,500, respectively) was expensed to share-based compensation.

The following table reflects the actual stock options issued and outstanding as of December 31, 2023:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
February 18, 2024 (i)	0.12	0.13	600,000	600,000
February 28, 2024 (i)	0.75	0.18	600,000	600,000
February 28, 2024 (i)	0.25	0.18	4,560,000	4,560,000
February 28, 2024 (i)	0.75	0.18	3,013,332	3,013,332
June 3, 2024	0.15	0.42	1,750,000	1,750,000
July 24, 2024	0.18	0.56	300,000	300,000
October 4, 2024	0.15	0.76	3,150,000	3,150,000
December 22, 2024	0.10	0.98	3,250,000	3,250,000
March 16, 2025	0.10	1.21	500,000	500,000
September 14, 2025	0.10	1.71	12,920,000	12,920,000
October 7, 2025	0.10	1.77	200,000	200,000
	0.21	1.00	30,843,332	30,843,332

- (i) On February 18, 2024, these stock options expired unexercised.

**City View Green Holdings Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

**15. Warrants**

	Number of warrants	Weighted average exercise price
Balance, December 31, 2021	59,385,377	\$ 0.11
Issued (i)(ii)(iii)	12,850,000	0.10
Expired	(9,213,021)	0.17
Exercised	(26,980,571)	0.02
Balance, December 31, 2022	36,041,785	\$ 0.08
Issued ((iv) and note 10(iii))	4,000,000	0.10
Expired	(36,691,785)	0.08
Balance, December 31, 2023	3,350,000	\$ 0.12

(i) During the year ended December 31, 2022, the Company issued an aggregate of 9,600,000 warrants as a part of its non-brokered private placements. See note 13.

(ii) During the year ended December 31, 2022, the Company issued 750,000 warrants in connection with a secured loan. See note 10(iii). The warrants expired unexercised.

(iii) On May 2, 2022, the Company issued 3,250,000 share purchase warrants to a consultant in partial consideration for consulting advisory services. The warrants expire on December 31, 2022 and are each exercisable for one common share of the Company at a price of \$0.10 per share. The fair value of \$19,300 was assigned to the warrants and has been estimated using the Black-Scholes model for pricing warrants under the following assumptions: risk free interest rate - 2.66%; dividend yield - 0%; expected stock volatility - 139% and an expected life of 8 months. For the year ended December 31, 2023, \$nil (year ended December 31, 2022 - \$19,300) was expensed to share-based compensation. On September 30, 2022, the Company extended the expiry date of these 3,250,000 warrants from December 31, 2022 to March 31, 2023. As a result, during the year ended December 31, 2022, the Company recognized share-based compensation of \$1,100, as estimated using the Black-Scholes model for option pricing with the assumptions: risk free interest rate - 3.76%; dividend yield - 0%; expected stock volatility - 226% and an expected life - 0.5 years. The warrants expired unexercised.

(iv) On August 25, 2023, the Company issued 3,250,000 warrants in connection with the amendment of the LOC (see note 11(i)). The warrants expired unexercised.

The following table reflects the warrants issued and outstanding as of December 31, 2023:

Expiry date	Exercise price (\$)	Warrants outstanding
March 17, 2024 (v)	0.10	1,600,000
July 30, 2024	0.18	1,000,000
August 12, 2024	0.10	750,000
	0.12	3,350,000

(v) On March 17, 2024, 1,600,000 warrants expired unexercised.

**City View Green Holdings Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

**16. Related party balances and transactions**

Related parties include key management being the Company's executive officers, the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The following related party transactions were conducted in the normal course of operations and were made on an arm's length basis:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Consulting	\$ 225,000	\$ 245,000
Professional fees	58,466	56,918
	<b>\$ 283,466</b>	<b>\$ 301,918</b>

As at December 31, 2023, \$745,058 (2022 - \$547,524) included in accounts payable and accrued liabilities was payable to key management personnel.

As at December 31, 2023, the Company loaned \$174,310 (2022 - \$92,375) to Budd Hutt Inc., a company in which the Company is a major shareholder. The loan was non-interest bearing and repayable on demand. During the year ended December 31, 2023, the Company determined that the full balance of the loan was not recoverable and recorded an impairment loss of \$174,310. The Company owns 27.5% of Budd Hutt Inc. In 2021, the Company recorded an impairment loss for the full amount of the investment.

As at December 31, 2023, the Company advanced \$nil to the CEO (2022 - \$14,557) included in due from related parties for expense reimbursements. The advance is non-interest bearing and repayable on demand.

As at December 31, 2023, the directors of the Company advanced a total of \$104,689 (December 31, 2022 - \$65,000) including accrued interest. The advance bears an interest rate of 7% per annum and repayable on demand. For the year ended December 31, 2023, the Company recognized interest expense of \$6,849 (2022 - \$nil).

During the year ended December 31, 2023, the directors of the Company subscribed for an aggregate of 1,500,000 shares for gross proceeds of \$22,500 (2022 - 2,000,000 units for gross proceeds of \$100,000).

**17. Loss per share**

For the year ended December 31, 2023, basic and diluted loss per share has been calculated based on the loss attributable to common shares of \$2,448,592 (2022 - \$2,416,017) and weighted average number of common shares outstanding of 342,887,503 (2022 - 299,995,715). Diluted loss per share did not include the effect of convertible debt, stock options, and warrants as they are anti-dilutive.

**City View Green Holdings Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

**18. Income taxes**

The reported recovery of income taxes differs from amounts computed by applying the statutory income tax rates to the reported loss before income taxes due to the following:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Loss before income taxes	\$ (2,448,592)	\$ (2,416,017)
Combined statutory income tax rate	26.5%	26.5%
Expected income tax recovery	(648,877)	\$ (640,245)
Non-deductible expenses	-	241,101
Permanent differences and other	3,666	125,820
Share issuance cost booked directly to equity	-	(12,254)
Deferred tax assets not recognized	645,211	285,578
	\$ -	\$ -

Deferred income taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying values of assets and liabilities. The temporary differences and unused tax losses that give rise to deferred income tax assets are presented below:

	As at December 31, 2023	As at December 31, 2022
Associate investment	\$ 1,515,556	\$ 1,515,556
Property and equipment	297,399	90,132
Loans receivable	159,554	-
Share issuance cost and other	18,025	22,531
Non-capital losses carried forward	6,394,886	6,111,990
Deferred tax assets	8,385,420	7,740,209
Less: deferred tax assets not recognized	(8,385,420)	(7,740,209)
Net deferred tax assets	\$ -	\$ -

The Company has approximately \$24,131,611 of non-capital losses available, which expire between 2034 and 2043 and may be applied against future taxable income for income tax purposes.

The potential benefit of these losses and deductible temporary differences in excess of the deferred tax liabilities have not been recognized in these financial statements as it is not considered probable that sufficient future tax profit will allow the deferred tax assets to be recovered.

**City View Green Holdings Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

**19. Supplemental cash flow information**

Reconciliation of changes in liabilities to cash flows arising from financing activities, including changes arising from both cash and non-cash changes:

	Promissory notes payable	Loans payable	Due to related parties	Total
Balance, December 31, 2022	\$ 507,105	\$ 665,730	\$ 65,000	\$ 1,237,835
Changes from financing cash flows				
Proceeds from loan payable	-	100,000	-	100,000
Advances from related parties	-	-	32,840	32,840
Total changes from financing cash flows	-	100,000	32,840	132,840
Other changes				
Equity portion of convertible loan payable	-	(3,417)	-	(3,417)
Accrued interest	50,545	44,166	6,849	101,560
Accretion	-	29,751	-	29,751
Total other changes	50,545	70,500	6,849	127,894
Balance, December 31, 2023	\$ 557,650	\$ 836,230	\$ 104,689	\$ 1,498,569

**20. Financial risk management**

The Company's financial risk exposures and the impact on the Company's financial instruments are as follows:

**(a) Credit risk**

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company is exposed to credit risk primarily associated with cash and cash equivalents, promissory note receivable, and due from related parties. The carrying value of the financial assets represents the maximum credit exposure. The risk for cash and cash equivalents is mitigated by holding these instruments with highly rated Canadian financial institutions. The Company undertakes credit evaluations on counter parties as necessary and has monitoring processes intended to mitigate credit risks.

**(b) Liquidity risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2023, the Company has a working capital deficiency of \$3,729,127 (2022 - working capital deficiency of \$2,262,519). The Company had a cash balance of \$343 (2022 - bank overdraft of \$494) to settle current financial liabilities of \$3,732,973 (2022 - \$2,893,717).

In order to meet the Company's anticipated working capital requirements, it will be required to attract additional funds through the issue of debt, equity or other business means to further the development of the Company's products and to provide sufficient working capital. The Company monitors its working capital position and makes changes or reductions in expenditures to help sustain sufficient liquidity to meet liabilities on a timely basis.

**City View Green Holdings Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

**20. Financial risk management (continued)**

**(b) Liquidity risk (continued)**

The following table summarizes the maturity profile of all the Company's financial liabilities based on a contractual basis at December 31, 2023 and 2022.

<b>As at December 31, 2023</b>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>5+ years</b>	<b>Total</b>
Accounts payable and accrued liabilities	\$ 2,234,404	\$ -	\$ -	\$ 2,234,404
Promissory notes payable	595,045	-	-	595,045
Loans payable	844,748	-	-	844,748
Due to related parties	104,689	-	-	104,689
	\$ 3,778,886	\$ -	\$ -	\$ 3,778,886

<b>As at December 31, 2022</b>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>5+ years</b>	<b>Total</b>
Accounts payable and accrued liabilities	\$ 1,868,703	\$ -	\$ -	\$ 1,868,703
Promissory notes payable	324,390	240,055	-	564,445
Loans payable	719,616	-	-	719,616
Due to related parties	65,000	-	-	65,000
	\$ 2,977,709	\$ 240,055	\$ -	\$ 3,217,764

**(c) Market risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and equity prices.

Interest rate risk

The Company's primary interest rate risk consists of interest rate fluctuations, which may affect the Company's interest-bearing debts and lease obligations. The Company does not currently use derivative instruments to limit interest rate risks. The majority of the Company's interest-bearing financial instruments are subject to fixed interest rates. As a result, the Company is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates and considers interest rate risk insignificant.

Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The operating results and financial position of the Company are reported in Canadian dollars. The Company's operations are in Canada. The Company considers this risk to be minimal.

---

**City View Green Holdings Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(Expressed in Canadian Dollars)**

---

**20. Financial risk management (continued)**

**(d) Fair Value**

The carrying amount of each financial instrument approximates their fair value because of the short-term maturities of these items.

The following table presents the fair value hierarchy for the Company's assets and liabilities measured at fair value by level as at December 31, 2023 and 2022.

<b>As at December 31, 2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Cash	\$ 343	\$ -	\$ -	\$ 343

<b>As at December 31, 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Liabilities</b>				
Bank overdraft	\$ 494	\$ -	\$ -	\$ 494