MOJAVE BRANDS INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2023 AND 2022

(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditor's Report

To the Shareholders of Mojave Brands Inc.

Opinion

We have audited the consolidated financial statements of Mojave Brands Inc. (the "Company"), which comprise the consolidated statements of financial position as at August 31, 2023 and 2022, and the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate 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 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 Otto Ehinger.

Yours truly,

DMCL.

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

December 21, 2023

MOJAVE BRANDS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT AUGUST 31

	Note	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents		$ 690,178	$ 881,136
Interest receivable		1,079	-
Prepaid		884	2,906
Total assets		$ 692,141	$ 884,042
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payables and accrued liabilities	5	$ 24,950	$ 139,906
Due to related parties	7	31,913	-
		56,863	139,906
Non-current liabilities			
Loan payable	6	-	40,000
Total liabilities		56,863	179,906
Equity			
Share capital	8	55,937,788	55,937,788
Share-based payments reserve	9	7,020,615	7,020,615
Deficit		(62,323,125)	(62,254,267)
Total equity		635,278	704,136
Total liabilities and equity		$ 692,141	$ 884,042

Nature of business and going concern (Note 1)

Events after the reporting period (Note 15)

Approved by the board of directors on December 21, 2023 and signed on its behalf by:

"Robert Dubeau" Director *"Christopher Cooper"* Director

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

MOJAVE BRANDS INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
YEARS ENDED AUGUST 31

	Note	2023	2022
EXPENSES			
Accounting and audit		$ 24,656	$ 24,332
Consulting	7,14	33,000	250
Legal fees		27,323	15,321
Management fees	7	90,000	120,000
Office and general		5,536	3,806
Rent	7	15,000	-
Regulatory filing and transfer agent		19,833	17,162
Shareholder information		2,918	475
Loss before items below		(218,266)	(181,346)
Foreign exchange gain		15,708	18,289
Forgiveness of loan	6	10,000	-
Gain on extinguishment of accounts payable	5	103,869	-
Interest income		21,296	6,180
Reversal of provision (provision) for doubtful receivables	3	(1,465)	191,237
Income (loss) from continuing operations		(68,858)	34,360
Income from discontinued operations	4	-	32,759
Comprehensive income (loss) for the year		$ (68,858)	$ 67,119
Basic and diluted income (loss) per common share			
Continuing operations		$ (0.03)	$ 0.01
Discontinued operations		$ 0.00	$ 0.00
Weighted average number of common shares outstanding*		2,560,614	2,560,614

* The number of shares has been restated to reflect the 4:1 share consolidation (Note 8).

MOJAVE BRANDS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Number of Shares*	Share capital	Share-based payments reserve	Deficit	Total equity
Balance, August 31, 2021	2,560,614	$ 55,937,788	$ 7,020,615	$ (62,321,386)	$ 637,017
Comprehensive income for the year	-	-	-	67,119	67,119
Balance, August 31, 2022	2,560,614	$ 55,937,788	$ 7,020,615	$ (62,254,267)	$ 704,136
Comprehensive loss for the year	-	-	-	(68,858)	(68,858)
Balance, August 31, 2023	2,560,614	$ 55,937,788	$ 7,020,615	$ (62,323,125)	$ 635,278

* The number of shares has been restated to reflect the 4:1 share consolidation (Note 8).

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

MOJAVE BRANDS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) from continuing operations	$ (68,858)	$ 34,360
Items not affecting cash:		
Accrued interest income	(1,079)	-
Foreign exchange loss	-	2,017
Forgiveness of loan	(10,000)	-
Gain on extinguishment of accounts payable	(103,869)	-
Changes in non-cash working capital items:		
GST recoverable	-	13,436
Prepaid expenses	2,022	13,710
Trade and other payables	(11,087)	(11,644)
Amounts due to related parties	31,913	(109,750)
Net cash used in operating activities	(160,958)	(57,871)
Net cash provided by operating activities of discontinued operations	-	32,759
	(160,958)	(25,112)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to related parties	-	(8,820)
Loan repayment	(30,000)	-
Net cash used in financing activities	(30,000)	(8,820)
Change in cash during the year	(190,958)	(33,932)
Cash and cash equivalents, beginning of the year	881,136	915,068
Cash and cash equivalents, end of the year	$ 690,178	$ 881,136
Cash and cash equivalents consist of:		
Cash	$ 565,178	$ 881,136
Redeemable GIC	$ 125,000	$ -

There are no significant non-cash investing and financing transactions during the years ended August 31, 2023 and 2022.

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

1. NATURE OF BUSINESS AND GOING CONCERN

Mojave Brands Inc., (the "Company") was incorporated in British Columbia on November 12, 2010. The registered office address of the Company is 1500 – 1055 West Georgia Street, P.O. Box 11117, Vancouver, BC, V6E 4N7. The principal place of business address is 2050 – 1055 West Georgia Street, P.O. Box 11121, Royal Centre, Vancouver, BC, V6E 3P3. The Company is a reporting issuer in British Columbia, Ontario and Alberta, and its common shares are traded on the Canadian Securities Exchange under the symbol "MOJO" and on the Frankfurt Exchange under symbol "FSE: 0HCN".

The Company was in the business of processing and sale of cannabis extracts. Currently the Company is not generating revenues as it has closed down all its operations in the US, and plans to seek out other potential strategic alliances, joint venture, acquisition, or merger opportunities.

These consolidated financial statements have been prepared based on accounting principles applicable to a going concern, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since inception with an accumulated deficit as at August 31, 2023 of $62,323,125. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. Management believes that the current cash position will be sufficient to fund the Company's operating requirements for at least the next 12 months. Should the Company identify a business acquisition opportunity, it would be required to raise additional capital to finance the transaction.

These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Coachellagro Corp. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

On August 7, 2023, the Company dissolved its wholly-owned subsidiary, Coachellagro Corp. Accordingly, for the period after the dissolution, the results of operations and statement of financial position are those of the Company only (Note 4).

2. BASIS OF PREPARATION (cont'd…)

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company. The functional currency of the wholly-owned subsidiary of the Company was the United States dollar ("USD"), and the financial statement items of the subsidiary are measured using that functional currency.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair values. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Significant accounting estimates and judgments

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from those estimates and judgments. 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.

Areas requiring a significant degree of estimation and judgment by the Company's management relate to but are not limited to:

- the fair value measurements for financial instruments;
- the recoverability and measurement of deferred tax assets and liabilities; and
- whether the Company has sufficient financing to operate as a going concern.

Actual results may differ from those estimates and judgments.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all years presented in these consolidated financial statements, unless otherwise indicated.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and at banks and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash.

Financial instruments

(i) Financial assets

All financial assets are measured at fair value on initial recognition. Measurement in subsequent periods depends on the financial assets' classification, as described below:

Fair value through profit or loss ("FVTPL"): Financial instruments designated at FVTPL are initially recognized and subsequently measured at fair value with changes in those fair values charged immediately to net earnings. Financial instruments under this classification include cash and cash equivalents.

Amortized cost: Financial instruments designated at amortized cost are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest method. Financial instruments under this classification includes interest receivable.

Fair value through other comprehensive income ("FVOCI"): Financial instruments designated at FVOCI are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at fair value with changes in fair value recognized in other comprehensive income, net of tax. None of the Company's financial assets are classified as FVTOCI.

(ii) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or amortized cost. Financial liabilities classified at amortized cost are initially recognized at fair value less directly attributable transaction costs. The Company's accounts payable, amounts due to related parties, loan payable and loan from related party are classified at amortized cost. The Company does not currently have any FVTPL financial liabilities.

(iii) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk of the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized. During the year ended August 31, 2023, the Company has recorded a provision for doubtful receivables totaling $1,465 (2022 - $16,457) and a recovery of provision for doubtful receivables of $nil (2022 - $207,694).

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Share-based payments

The Company's share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purpose (direct employee) or provides services similar to those performed by a direct employee.

The Company accounts for stock options issued to employees at the fair value determined on the grant date using the Black-Scholes Option Pricing Model. The fair value of the options is recognized as an expense using the graded vesting method where the fair value of each tranche is recognized over its respective vesting period. When stock options are forfeited prior to becoming fully vested, any expense previously recorded is reversed.

Share-based payments made to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured. These payments are recorded at the date of the goods and services are received.

Foreign currency translation

The financial statements for the Company and its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

Subsidiaries that have functional currencies other than the Canadian dollar translate their statement of comprehensive loss items at the average rate during the year. Assets and liabilities are translated at exchange rates prevailing at the end of each reporting period. Exchange rate variations resulting from the retranslation at the closing rate of the net investment in these subsidiaries, together with differences between their statement of comprehensive loss items translated at actual and average rates, are recognized in accumulated other comprehensive income (loss). On disposition or partial disposition of a foreign operation, the cumulative amount of related exchange difference is recognized in the statement of comprehensive loss.

Share capital

The Company records proceeds from the issuance of its common shares as equity. Incremental costs directly attributable to the issue of new common shares are shown in equity as a deduction, net of tax, from the proceeds. Common shares issued for consideration other than cash are valued based on their market value at the date that shares are issued. Proceeds from unit placements are allocated between share and warrants using the residual method.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Earnings / loss per share

Basic earnings/loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. Dilutive earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. In periods where a net loss is incurred, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive and basic and diluted loss per common share is the same. In a profit year, under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average price during the year.

Income taxes

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the Canadian taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax is recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial exporting purposes.

Deferred tax is recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income or loss.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

New accounting standards

There were no new or amended IFRS pronouncements effective September 1, 2023 that are expected to impact the Company's consolidated financial statements in the future.

4. DISCOUNTINUED OPERATIONS

Coachellagro Corp. ("Coachellagro")

Coachellagro owned a parcel of land in Coachella, California, where the Company intended to build a facility. During the year ended August 31, 2019, the Company determined that it would no longer pursue the development of the land and committed to a plan to locate a buyer for the land. As a result, the Company reclassified Coachellagro as an asset held for sale and recorded an impairment of $5,077,872 to write down the asset group to the lesser of its carrying value and fair value less cost to sell, which was determined through an assessment of the market value of similar parcels of land. During the year ended August 31, 2020, the Company assessed a further impairment of $889,215 due to the decrease in value of the land. During the year ended August 31, 2021, the Company sold the land and realized a loss of $88,546. On August 7, 2023, Coachellagro was dissolved.

The net loss attributable to Coachellagro are summarized as follows:

		2023		2022
State franchise tax	$	-	$	(3,772)
Other income		-		36,531
Income from discontinued operations	$	-	$	32,759

5. TRADE AND OTHER PAYABLES

		2023		2022
Trade payables	$	450	$	121,205
Accrued liabilities		24,500		18,701
	$	24,950	$	139,906

Trade payables of the Company are principally comprised of amounts outstanding for trade purchases relating to general operating activities. The usual credit period taken for trade purchases is between 30 to 90 days.

During the year ended August 31, 2023, the Company wrote off $103,869 stale dated accounts payable. Each of the stale dated accounts payable was statue barred since the liabilities were incurred. No attempts by any of the vendors to contact the company with reference to overdue amounts has been received and annual corporate searches have never indicated any actions for recovery.

6. LOAN PAYABLE

In May 2020, the Company opened a Canada Emergency Business Account ("CEBA") and received a loan of $40,000 from the Canadian Government. The loan was unsecured and non-interest bearing until December 31, 2023. The principal amount of the loan would be reduced to $30,000 if it is repaid before December 31, 2023. In February 2023, the Company repaid $30,000 of the loan principal and recognized a gain of $10,000.

7. RELATED PARTY TRANSACTIONS AND BALANCES

Amounts due to related parties of $31,913 (August 31, 2022 - $nil) related to advances made by a director and a close family member of a director of the Company, and trade payable due to a company controlled by a close family member of a director of the Company and are unsecured, non-interest bearing, and have no specific terms of repayment.

Key management personnel include directors (executive and non-executive) and officers of the Company. The compensation paid or payable to key management personnel and entities over which they have control or significant influence during the years ended August 31 is as follows:

		2023		2022
Management fees	$	90,000	$	120,000
Consulting fees		2,000		250
Total	$	92,000	$	120,250

The Company entered into the following transactions with related parties during the year ended August 31, 2023:

a) Incurred management fees of $90,000 (2022 - $120,000) to a company partially controlled by a director of the Company. This is pursuant to an administrative services agreement with a company controlled by a director of the Company for administrative and accounting services for a monthly fee of $7,500.

b) Incurred consulting fees of $2,000 (2022 - $250) to a company controlled by the Chief Executive Officer ("CEO") of the Company and the former CEO of the Company.

c) Incurred rent expense of $15,000 (2022 - $nil) to a company controlled by a close family member of a director of the Company.

8. SHARE CAPITAL

Authorized share capital

The Company has authorized an unlimited number of common shares with no par value.

Issued share capital

At August 31, 2023 and 2022, the Company had 2,560,614 common shares outstanding, after giving effect to the share consolidation.

Share consolidation

On October 25, 2023, the Company completed a consolidation of the Company's issued and outstanding common shares, stock options and warrants on a basis of one (1) post-consolidation common share for every four (4) pre-consolidation common shares. All information relating to basic and diluted loss per share, issued and outstanding common shares, stock options and warrants in these consolidated financial statements have been adjusted and restated retrospectively to reflect the share consolidation.

9. SHARE-BASED PAYMENTS

Stock options

The Company's Board of Directors approved the implementation of an aggregate maximum of 10% of the issued and outstanding common shares may be issued for granting of options to directors, senior officers, full time employees of the Company, affiliates or subsidiaries, or any consultants to the Company. The terms of the awards under the Plan are determined by the Board of Directors.

The Company had no stock option transactions during the year ended August 31, 2023 and 2022.

The options outstanding at August 31, 2023 have an exercise price of $34 and a weighted average remaining contractual life of 0.69 year.

As at August 31, 2023, the following stock options were outstanding:

	Number of Options	Exercise Price	Expiry Date
	5,000	$ 34.00	May 8, 2024

Performance Share Units and Restricted Share Units

The Company's Board of Directors approved the implementation of a restricted share unit plan (the "RSU Plan"). Under the RSU Plan, eligible persons may (at the discretion of the Board) be allocated several RSUs as the Board deems appropriate, with vesting provisions also to be determined by the Board, subject to a maximum vesting term of three (3) years from the end of the calendar year in which RSUs were granted. Upon vesting, eligible participants shall be entitled to a cash payment equal to the number of RSUs granted, multiplied by the fair market value of the Company's common shares on the redemption date. The Company shall also have the option (at the discretion of the Board) to settle amounts owing to eligible persons via the issuance of common shares of the Company.

The Company had no RSU transactions during the year ended August 31, 2023 and 2022. There were no RSUs outstanding as at August 31, 2023 and 2022.

9. SHARE-BASED PAYMENTS (cont'd…)

Warrants

Warrants are issued as private placement incentives. Agents' warrants are measured at fair value on the date of the grant determined using the Black-Scholes Option Pricing Model.

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, August 31, 2021	1,596,805	$	0.60
Warrants expired	(159,305)		30.00
Balance, August 31, 2022 and 2023	1,437,500	$	0.60

During the year ended August 31, 2023, the Company extended the expiry date of 1,437,500 warrants from July 12, 2023 to July 12, 2025. The warrants outstanding at August 31, 2023 have an exercise price of $0.60 and a weighted average remaining contractual life of 1.87 years.

As at August 31, 2023, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
1,437,500	$ 0.60	July 12, 2025

The share-based payment reserve records items recognized as share-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

10. CAPITAL MANAGEMENT

The Company manages its capital structure and adjusts it, based on the funds available to the Company to support the growth and development of its subsidiaries and additional acquisition opportunities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include all components of its shareholders' equity.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

11. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		2023		2022
Income (loss) before tax from continuing operations	$	(68,858)	$	34,360
Income (loss) before tax from discontinued operations		-		32,759
Statutory tax rate		27%		27%
Expected income tax (recovery) at statutory rates	$	(18,592)	$	18,122
Permanent differences and other		24,592		(28,122)
Changes in tax benefits not recognized		(6,000)		10,000
Deferred income tax recovery	$	-	$	-

Deferred income tax assets

Significant components of the company's deferred income tax assets are as follows:

		2023		2022
Deferred income tax assets:				
Non-capital loss carry forwards	$	5,550,000	$	5,550,000
Allowable capital loss carry forwards		4,818,000		4,818,000
Share issuance costs		5,000		11,000
Unrecognized deferred income tax assets	$	10,373,000	$	10,379,000

The Company has available for deduction against future taxable income, Canadian non-capital losses of approximately $20,550,000 which will begin to expire in 2032.

12. FINANCIAL INSTRUMENTS

As of August 31, 2023, the carrying amounts of accounts payables and due to related parties carried at amortized cost are considered a reasonable approximation of their fair values due to the relatively short period to maturity of these financial instruments.

Financial risk management

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, and interest rate risk. Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management. Cash and cash equivalents are carried at fair value.

Credit risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash. The credit risk with respect to its cash is minimal as they are held with high-credit quality financial institutions.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have enough liquidity to meet liabilities when due. as they fall due. As at August 31, 2023, the Company has a cash and cash equivalents balance of $690,178 and current liabilities of $56,863. The Company's accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms.

Interest rate risk

The Company is exposed to interest rate risk arising from cash held in Canadian financial institutions. The interest rate risk on cash is not considered significant due to its short-term nature and maturity. The exposure to interest rates for the Company is considered minimal.

13. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Financial instruments measured at fair value on the consolidated statement of financial position are summarized in levels of fair value hierarchy as follows. There have been no changes in these levels and no changes in classifications during the year ended August 31, 2023.

	Level 1	Level 2	Level 3	Total
August 31, 2023				
Cash and cash equivalents	$ 690,178	$ -	$ -	$ 690,178
August 31, 2022				
Cash	$ 881,136	$ -	$ -	$ 881,136

14. SETTLEMENT OF CONTINGENCY

In July 2021, Coachellagro Corp. and William Campbell Birge, a director of the Company, were served with a complaint in the Superior Court of California, Riverside County whereby Coachellagro and Mr. Birge were named as defendants. The complaint was filed by the former owners of 420 Realty, a former subsidiary of the Company. During the year ended August 31, 2023 the Company settled the claim with the plaintiffs, and the settlement amount paid by the Company was recorded in consulting fees.

15. EVENTS AFTER THE REPORTING PERIOD

Subsequent to August 31, 2023,

i) The Company signed a consulting agreement with Commodity Partners Inc. for capital market advisory services, effective from September 22, 2023 to August 30, 2024, for a total fee of $610,000, inclusive of applicable taxes (fully paid). Commodity Partners Inc. became a significant shareholder of the Company through the non-brokered private placement subscription in note 15 ii).

ii) The Company completed a non-brokered private placement of 6,799,800 units announced at a price of $0.07 per unit for gross proceeds of $475,986. Each unit is comprised of one common share and one-half of share purchase warrant; each whole warrant entitles the holder to acquire one additional common share for a period of 24 months at an exercise price of $0.11.