ASIA GREEN BIOTECHNOLOGY CORP.

Financial Statements

For the years ended December 31, 2023 and 2022

Independent Auditor's Report

To the Shareholders of Asia Green Biotechnology Corp.:

Opinion

We have audited the financial statements of Asia Green Biotechnology Corp. (the "Company"), which comprise the statement of financial position as at December 31, 2023, and the statements of loss and comprehensive loss, changes in shareholders' deficit and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) in the financial statements, which indicates that the Company incurred a net loss and comprehensive loss and utilized cash in operating activities during the year ended December 31, 2023 and, as of that date, the Company had an excess of current liabilities over current assets and an accumulated deficit. As stated in Note 2(b), these events or conditions, along with other matters as set forth in Note 2(b), 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.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 14 to the financial statements, which explains that certain comparative information for the year ended December 31, 2022 has been restated. Our opinion is not modified in respect of this matter.

The financial statements for the year ended December 31, 2022 excluding the adjustments that were applied to restate certain comparative information were audited by another auditor who expressed an unmodified opinion on those financial statements on April 6, 2023.

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments applied to restate certain comparative information presented. In our opinion, such adjustments are appropriate and have been properly applied.

Other than with respect to the adjustments that were applied to restate certain comparative information, we were not engaged to audit, review, or apply any procedures to the financial statements for the year ended December 31, 2022. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

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 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 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 on this other information, 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 Rahim Rajan.

Calgary, Alberta

MNP LLP

May 23, 2024

Chartered Professional Accountants

MNP

Asia Green Biotechnology Corp.
Statements of Financial Position
As at December 31, 2023 and 2022
(amounts in Canadian dollars)

	Notes	2023 $	2022 (Restated – Note 14) $
Assets			
Current assets			
Cash	4	1,312	12,404
Goods and Services Tax receivable		64,026	55,773
Total assets		**65,338**	**68,177**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	244,933	103,690
Interest on promissory notes	6	44,974	14,588
Promissory notes	6	237,407	131,026
Total current liabilities		**527,314**	**249,304**
Promissory notes	6	-	59,675
Total liabilities		**527,314**	**308,979**
Shareholders' deficit			
Share capital	7	1,738,186	1,738,186
Contributed surplus		951,137	951,137
Accumulated deficit		(3,151,299)	(2,930,125)
Total shareholders' deficit		**(461,976)**	**(240,802)**
Total liabilities and shareholders' deficit		**65,338**	**68,177**

Going concern	2(b)
Subsequent events	15

Approved by the Board of Directors

"Signed" David Pinkman
Director

"Signed" Vincent Ghazar
Director

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

Asia Green Biotechnology Corp.
Statements of Loss and Comprehensive Loss
For the years ended December 31, 2023 and 2022
(amounts in Canadian dollars)

	Notes	2023 $	2022 (Restated – Note 14) $
Expenses:			
Audit and legal fees		(19,506)	(7,700)
Consulting fees	11	(120,000)	(109,300)
Filing and registration fees		(24,344)	(17,186)
Interest	6	(30,386)	(19,109)
Office		(5,232)	(4,248)
Research and development	9	-	(40,772)
Total expenses		**(199,468)**	**(198,315)**
Other income:			
(Loss) gain on change in fair value of promissory notes	6	**(21,706)**	**34,299**
Loss and comprehensive loss		**(221,174)**	**(164,016)**
Loss per share			
Basic and diluted		**(0.01)**	**(0.00)**
Weighted average number of outstanding common shares		**36,247,100**	**36,247,100**

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

Asia Green Biotechnology Corp.
Statements of Changes in Shareholders' Deficit
For the years ended December 31, 2023 and 2022
(amounts in Canadian dollars)

	Number of shares	Share capital $	Contributed surplus $	Accumulated deficit (Restated – Note 14) $	Total (Restated – Note 14) $
Balance, January 1, 2022	36,247,100	1,738,186	951,137	(2,766,109)	(76,786)
Net loss and comprehensive loss	-	-	-	(164,016)	(164,016)
Balance, December 31, 2022	**36,247,100**	**1,738,186**	**951,137**	**(2,930,125)**	**(240,802)**
Net loss and comprehensive loss	-	-	-	(221,174)	(221,174)
Balance, December 31, 2023	**36,247,100**	**1,738,186**	**951,137**	**(3,151,299)**	**(461,976)**

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

Asia Green Biotechnology Corp.
Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(amounts in Canadian dollars)

	Notes	2023 $	2022 (Restated – Note 14) $
Operating activities			
Net loss		(221,174)	(164,016)
Adjustments for:			
Interest		30,386	19,109
Increase (decrease) in fair value of promissory notes		21,706	(34,299)
		(169,082)	(179,206)
Changes in:			
GST receivable		(8,253)	(6,743)
Accounts payable and accrued liabilities		141,243	60,603
Net cash used in operating activities		**(36,092)**	**(125,346)**
Financing activities			
Receipt of proceeds from promissory notes	6	25,000	75,000
Payment of interest		-	(4,521)
Net cash from financing activities		**25,000**	**70,479**
Decrease in cash		**(11,092)**	**(54,867)**
Cash, beginning of year		12,404	67,271
Cash, end of year		**1,312**	**12,404**

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

1. Reporting entity

Asia Green Biotechnology Corp. ("AGBC" or the "Corporation") is a publicly traded corporation, listed on the Canadian Securities Exchange ("CSE") since January 24, 2029, under the symbol "ASIA". The address of the registered office of the Corporation is Suite 1150, 707 – 7th Avenue S.W., Calgary, Alberta, T2P 3H6.

The Corporation (formerly; Asia Cannabis Corp.) was incorporated by Certificate of Incorporation pursuant to the provisions of Alberta, Canada on December 19, 2017. On April 16, 2020, the Corporation changed its name to Asia Green Biotechnology Corp. by Certificate of Amendment pursuant to the provisions of Alberta, Canada.

On April 12, 2024, the Corporation issued a news release that it has discontinued any further activities in Asia, and in particular, to cease activities in Cambodia and Thailand. Prior to this news release and during the years ended December 31, 2023 and 2022, the Corporation's principal activities remained that of an early-stage international agro-technology company, that had a business focus on the development, evaluation, testing, application and, ultimately, suppling to the market of proprietary organic hybridization technology and certain products derived from that technology (the "Technology"). The core approach of the business was centered on the planting, growth and harvesting of new and valuable strains of hemp and related crops in commercial quantities under the terms of the licence agreement with InPlanta Biotechnology Inc. ("InPlanta") and the evaluation and development of medicinal and related cannabinoidal extracts under the terms of licence agreements with Swysh Inc. ("Swysh"), and Pathway Rx Corp ("Pathway"). InPlanta, Swysh and Pathway are three separate Alberta companies owned by a director of the Corporation, thus they are considered related parties.

2. Basis of preparation

(a) Basis of accounting

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

These financial statements were approved and authorized for issuance by the Board of Directors on May 23, 2024.

(b) Going concern

These financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future.

During the year ended December 31, 2023, the Corporation had no revenue, incurred a net loss and comprehensive loss of $221,174 and used cash of $36,092 in operating activities, and as at that date, the Corporation had an excess of current liabilities over current assets of $461,976 and an accumulated deficit $3,151,299.

The continued operation of the Corporation is dependent on its ability to obtain additional financing and there is no assurance that the Corporation will be successful in sufficiently financing its ongoing business activities. The Board of Directors and management are exploring various options that, if successful, are intended to enable the Corporation to have access to sufficient funds to be able to settle its liabilities as and when they fall due. These include but are not limited to the success of raising funds (equity and/or loans) and/or the completion of a material transaction such as a reverse takeover.

These conditions indicate the existence of material uncertainties that may cast significant doubt on the Corporation's ability to continue as a going concern.

These financial statements do not reflect the adjustments that would be necessary if the going concern basis was not appropriate. Consequently, adjustments would then be necessary to the carrying value of assets and liabilities, the expenses and the statement of financial position classifications used and such adjustments could be material.

(c) Basis of measurement

These financial statements have been prepared on the historical cost basis.

(d) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

(e) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

The following discussion sets forth management's most critical estimates, judgments and assumptions in preparation of the financial statements:

<u>Judgments</u>

Going concern - Assessment as to whether there are material uncertainties that may cast significant doubt on the Corporation's ability to continue as a going concern.

<u>Estimates</u>

Secured convertible promissory notes - The Corporation issues secured convertible promissory notes, which may be comprised of embedded derivatives such as the conversion feature (equity or derivative liability components), the debt host and an element related to below-market interest rate. The identification of components within the secured convertible promissory notes is based on interpretations of the substance of the contractual arrangement and therefore requires judgments and estimates from management.

In line with its accounting policy, the Corporation measures convertible debentures, in its entirety (debt host and convertible component), at fair values at the reporting date. This method requires the input of a number of assumptions including estimated market rate of interest and volatility. These assumptions are determined using management's best estimates and involve inherent uncertainties.

(f) Accounting standards issued but not yet effective

The Corporation reviewed all new and revised accounting standards and pronouncements that are not yet effective and not implemented in these financial statements and determined that there were none issued up to December 31, 2023 that would have a material impact.

3. Material accounting policy information

The Corporation has consistently applied the following accounting policies to all periods presented in these financial statements.

The Corporation adopted Disclosure of Accounting Policies (Amendments to IAS 1) from January 1, 2023. The amendments require the disclosure of "material" rather than "significant accounting policies. The amendments did not result in any changes to the accounting policies themselves or have any impact.

(a) Financial instruments

Recognition and derecognition

Trade receivables and debt securities (assets) issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Corporation becomes a party to the contractual provisions of the instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus or minus, for an item not at or fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

On initial recognition, a financial asset is classified as subsequently measured at: amortized cost; fair value through other comprehensive income ("FVOCI"); or FVTPL.

The classification is determined by both the Corporation's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

The Corporation's cash falls into this category of financial asset.

Financial assets at FVTPL

Financial assets that are held within a different business model than 'hold to collect' or 'hold to collect and sell', and financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The Corporation does not have any financial assets that are measured at FVTPL.

Financial assets at FVOCI

The Corporation accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell; and

- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognized in other comprehensive income ("OCI") will be recycled upon derecognition of the asset.

The Corporation does not have any financial assets in this category.

Classification and initial measurement of financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Entity designated a financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss.

The Corporation's accounts payable and accrued liabilities, and promissory notes payable are measured at amortized cost.

The Corporation does not have and has not designated any financial liabilities at FVTPL.

Impairment of financial assets

The Corporation 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 financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to 12 months of expected credit losses. For trade receivables, the Entity applies the simplified approach to providing for expected credit losses, which allows for the use of a lifetime expected credit loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and is related to an event occurring after the impairment was recognized.

Compound financial instruments

Compound financial instruments issued by the Corporation comprises secured convertible promissory notes that can be converted to commons shares at the option of the holder.

The Corporation designated its convertible debentures in its entirety (the debt host, conversion feature and any other embedded derivative or component) as financial liability measured at fair value.

The Corporation utilizes appropriate valuation techniques to determine the fair value of the secured convertible promissory notes at each reporting date.

(b) Loss per share

Basic loss per share is calculated by dividing the loss attributable to the shareholders of the Corporation by the weighted average number of shares outstanding during the year.

Diluted loss per share is determined by adjusting the loss attributable to shareholders and the weighted average number of shares outstanding for the effect of all potential shares, which is comprised of any outstanding warrants or options.

Escrow shares, which are considered contingently issuable, are excluded from loss per share calculations.

The calculation of diluted loss per share excludes the effect of various conversions and exercise of options and warrants that would be anti-dilutive due to the losses.

(c) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

(d) Share-based compensation

The Corporation has a stock option plan and share options granted to directors, officers, employees and consultants of the Corporation are accounted for using the fair value method under which compensation expense is recorded based on the estimated fair value of the options at the grant date using the Black-Scholes option pricing model or other option pricing model as relevant.

The Corporation measures share-based payments to non-employees, if applicable, at the fair value of the goods or services received at the date of receipt of the goods or services. If the fair value of the goods or services cannot be measured reliably, the value of the options granted is measured using the Black-Scholes option-pricing model or other option pricing model as relevant.

Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Compensation cost is expensed over the vesting period with a corresponding increase in contributed surplus. When stock options are exercised, the cash proceeds along with the amount previously recorded as contributed surplus are recorded as share capital. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest.

4. Cash

The Corporation's cash is held in trust in a bank account that is in the name of a numbered company owned jointly by the Chief Executive Officer and the Chief Financial Officer of the Corporation. A Declaration of Trust Deed between the Corporation and the numbered company dated January 6, 2020 is in place to safeguard the Corporation's cash such that all deposits and withdrawals from that bank account are only undertaken based on direction from the Corporation.

5. Accounts payable and accrued liabilities

	2023 **$**	**2022** **$**
Accounts payable:		
- related parties	218,925	103,425
- third party vendors	26,008	265
	244,933	**103,690**

(amounts in Canadian dollars)

6. Promissory notes

	2023 $	2022 (Restated – Note 14) $
Secured convertible promissory note (i)	150,000	131,026
Secured convertible promissory note (ii)	62,407	59,675
Loan (iii)	25,000	-
	237,407	**190,701**

Presented on the statement of financial position as follows:

Current liabilities (due within a year)	237,407	131,026
Non-current liabilities (due after a year)	-	59,675
	237,407	**190,701**

(i) $150,000 12% secured convertible promissory note:

On December 6, 2021, the Corporation obtained a secured convertible promissory note of $150,000 from a company owned by a late director and shareholder (the “lender”). This secured convertible promissory note carried interest of 12% per annum and was secured by the licence agreement between the Corporation and Pathway.

This secured convertible promissory note was convertible at any time after the date of issue at the option of the lender into common shares of the Corporation or automatic conversion upon occurrence of a qualifying financing, defined in the lending agreement as the Corporation raising gross proceeds of at least $1,000,000 from issuance of common shares, before the maturity date. This secured convertible promissory note was also convertible upon occurrence of a liquidity event, which is defined in the lending agreement as: (a) an amalgamation, arrangement or consolidation, (b) the sale, lease, transfer, exclusive license or other disposition, and (c) the sale of common shares to the public in a firm-commitment underwritten public offering pursuant to an effective registration statement under the United States Securities Act of 1933, among other things.

The conversion price would be equal to the trading price of the Corporation’s common shares as traded on the CSE, with a maximum discount applied (if permitted under CSE rules) or $0.05 per common share, whichever is lower. At any time before conversion or repayment in full, whether prior to, on or after the maturity date (24 months from issuance), the lender may elect, in its sole discretion, by written notice delivered to the Corporation, to convert the outstanding amount in full into common shares of the Corporation.

Upon initial recognition on December 6, 2021, the cash proceeds received was determined to approximate the fair value of this secured convertible promissory note.

As at December 31, 2021, the fair value of the secured convertible promissory note was determined to be $150,000.

(amounts in Canadian dollars)

As at December 31, 2022, the fair value of this secured convertible promissory note was determined to be $131,026. Accordingly, the decrease in fair value of $18,974 was recorded as a reduction in the secured convertible promissory note balance with a corresponding gain on change in fair value recorded in the statement of loss and comprehensive loss.

The Corporation utilized a convertible bond model that is based on the paper by K. Tsiveriotis and C. Fernandes to determine the fair values of this secured convertible promissory note using the following assumptions as at December 31, 2022 and 2021:

	2022	**2021**
Share price	$0.015	$0.04
Volatility	162.84%	141.32%
Implied credit spread	27.1%	25.32%
Risk free rate	4.2%	0.02%
Risk adjusted discounted rate	31.3%	25.34%

This secured convertible promissory note matured on December 6, 2023.

As at December 31, 2023, the promissory note had matured and the fair value of the secured convertible promissory note was determined to be $150,000. The increase in fair value of $18,974 was recorded in the secured convertible promissory note balance with a corresponding loss on change in fair value recorded in the statement of loss and comprehensive loss.

During the year ended December 31, 2023, interest expense on this secured convertible promissory note was $20,814 (2022 - $18,640). As at December 31, 2023, the unpaid accrued interest on the secured convertible promissory note was $34,934 (2022 - $14,120).

(ii) $75,000 12% secured convertible promissory note:

On December 13, 2022, the Corporation obtained another loan of $75,000 also by way of a convertible promissory note from the same late director and shareholder (the “lender”). This secured convertible promissory note also carries interest of 12% per annum and is secured by the licence agreement between the Corporation and Pathway. This secured convertible promissory note will mature on December 13, 2024.

This secured convertible promissory note is also convertible under the same conversion terms as the $150,000 secured convertible promissory noted above.

Upon initial recognition on December 12, 2021, the cash proceeds received was determined to approximate the fair value of this secured convertible promissory note.

As at December 31, 2022, the fair value of the secured convertible promissory note was determined to be $59,675. Accordingly, the decrease in fair value of $15,325 was recorded as a reduction in the secured convertible promissory note balance with a corresponding gain on change in fair value recorded in the statement of loss and comprehensive loss.

As at December 31, 2023, the fair value of the secured convertible promissory note was determined to be $62,407 so the increase in fair value of $2,732 was recorded in the secured convertible promissory note balance with a corresponding loss on change in fair value recorded in the statement of loss and comprehensive loss.

(amounts in Canadian dollars)

During the year ended December 31, 2023, interest expense on this secured convertible promissory note was $9,571 (2022 - $468). As at December 31, 2023, the unpaid accrued interest on the secured convertible promissory note was $10,040 (2022 - $468).

The Corporation utilized a convertible bond model that is based on the paper by K. Tsiveriotis and C. Fernandes to determine the fair values of this secured convertible promissory note using the following assumptions as at December 31, 2023 and 2022:

	2023	**2022**
Share price	$0.01	$0.015
Volatility	144.5%	149.9%
Implied credit spread	25.65%	27.1%
Risk free rate	5.04%	4.2%
Risk adjusted discounted rate	30.69%	31.3%

(iii) Loan

On June 16, 2023, the Corporation obtained a loan of $25,000 from the same late director and shareholder (the “lender”). This loan is unsecured, carries no interest and is due on demand.

7. Share capital

(a) Authorized

Unlimited number of voting common shares, without par value.

Unlimited number of preferred shares issuable in series, as determined by the directors.

(b) Issued

	Number of shares	**Amount $**
Balance, December 31, 2023, 2022 and 2021	**36,247,100**	**1,738,186**

(amounts in Canadian dollars)

8. Share options

Under the Corporation's share option plan, the Corporation may grant options to its directors, officers, employees and consultants up to a maximum of 10% of the issued common shares. The exercise price of each option is determined by the Board of Directors of the Corporation when such option is granted. The options fully vest and are expensed at grant date. The option's maximum term is five years.

During the years ended December 31, 2023 and 2022, the Corporation did not issue any options.

The following is a summary of changes to the Corporation's share options:

	2023			2022		
	Number	Weighted average exercise price $	Weighed average remaining life (years)	Number	Weighted average exercise price $	Weighed average remaining life (years)
Outstanding, beginning of year	2,390,003	0.23	0.47	2,390,003	0.23	1.26
Expired	(2,140,003)	0.25	-	-	-	-
Outstanding, end of year	**250,000**	**0.10**	**2.07**	**2,390,003**	**0.23**	**0.47**
Exercisable, end of year	**250,000**	**0.10**	**2.07**	**2,390,003**	**0.23**	**0.47**

2,140,003 share options expired unexercised on March 1, 2023.

9. Research and development expenses

During the year ended December 31, 2023, the Corporation incurred research and development expense of $Nil (2022 - $40,772). These research and development expenses were incurred mainly in relation to a pharmaceutical-based migraine study.

10. Income tax expense

The tax recovery differs from the amount that would be computed by applying the expected tax rates to the loss before taxes. The reasons for the difference are as follows:

	2023 $	2022 $
Loss before taxes	(221,174)	(164,016)
Statutory tax rate	23%	23%
Expected tax recovery	(50,870)	(45,612)
Deferred tax asset not recognized	50,870	45,612
Tax expense (recovery)	-	-

(amounts in Canadian dollars)

The components of deferred tax asset (liability) are as follows:

	2023 **$**	**2022** **$**
Secured convertible promissory notes	(2,896)	(7,889)
Non-capital losses	2,896	7,889

The components of the unrecognized deductible temporary differences are as follows:

	2023 **$**	**2022** **$**
Non-capital losses	2,333,032	2,111,857
Intellectual property	11,128	11,128

The Corporation has non-capital losses of approximately $2,345,625 (December 31, 2022 - $2,146,156) that are available to offset future taxable income. The non-capital losses expire as follows:

	$
2038	249,538
2039	589,717
2040	575,413
2041	529,463
2042	202,025
2043	199,469
Total	**2,345,625**

11. Related party transactions

Financing transactions

See Note 6.

Operating transactions

See also Notes 1 and 4.

During the year ended December 31, 2023, Pathway provided research and development services to the Corporation totaling $Nil (2022 - $34,272). This amount is included research and development expenses in Note 9. As at December 31, 2023, the Corporation had $Nil (2022 - $Nil) payable to Pathway.

As at December 31, 2023, Swysh provided research and development services to the Corporation totaling $Nil (2022 - $Nil). As at December 31, 2023, the Corporation had $15,750 (2022 - $15,750) payable to Swysh.

Key management compensation

Key management personnel include executive officers and directors. Executive officers include the Chief Executive Officer and Chief Financial Officer, who are also directors of the Corporation.

Executive officers receive consulting fees by virtue of their consulting agreements with the Corporation, and also participate in the Corporation's share option program.

During the year ended December 31, 2023, consulting fees charged by the executive officers amounted to $120,000 (2022 - $105,000), which is recorded in consulting fees in the statement of loss and comprehensive loss. As at December 31, 2023, the Corporation had balance payable of $203,175 (2022 - $87,675) in relation to consulting fees charged by the executive officers which is included in accounts payable and accrued liabilities.

During the year ended December 31, 2023, a director charged consulting fees of $Nil (2022 - $4,300) which is recorded in consulting fees in the statement of loss and comprehensive loss. As at December 31, 2023, the Corporation had balance payable of $Nil (2022 - $Nil) to the director.

12. Capital management

The Corporation's capital consists of share capital. The Corporation's objectives when managing capital are:

- to maintain a flexible capital structure, which optimizes the cost of capital and acceptable risk; and
- to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Corporation sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Corporation is not subject to any externally or internally imposed capital requirements at year-end.

There were no changes in the Corporation's approach to capital management during the year.

13. Financial instruments and risk management

(a) Financial instruments

Fair value measurement

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Corporation's financial instruments are recorded at fair value or at amounts that approximate fair value in the financial statements.

At December 31, 2023 and 2022, the Corporation's financial instruments consist of cash, accounts payable and accrued liabilities and promissory notes.

(amounts in Canadian dollars)

The carrying values of cash, accounts payable and accrued liabilities approximate their fair values due to their relatively short periods to maturity or the terms and conditions of their repayment. The promissory notes are recorded at fair value as explained in note 6.

(b) Risk management

The Corporation's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk. This note presents information about the Corporation's exposure to each of these risks, the Corporation's objectives, policies and processes for measuring and managing risk, and the Corporation's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements. The Corporation employs risk management strategies and polices to ensure that any exposures to risk are in compliance with the Corporation's business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for the Corporation's risk management framework, management has the responsibility to administer and monitor these risks.

Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Corporation's cash.

The Corporation's maximum exposure to credit risk associated with financial assets is in relation to cash is equivalent to their carrying amount.

As noted in Note 4, as at December 31, 2023 and 2022, the Corporation's cash were held in trust. The credit risk exposure on this cash is minimal.

Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Corporation's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation.

The maturity profile of the Corporation's financial liabilities is provided below:

	Maturity profile		
December 31, 2023	**Within 1 year $**	**1 – 2 years $**	**Total $**
Accounts payable and accrued liabilities	244,933	-	244,933
Interest on promissory notes	44,974	-	44,974
Promissory notes (undiscounted)	250,000	-	250,000
	539,907	**-**	**539,907**

(amounts in Canadian dollars)

	Maturity profile		
December 31, 2022	**Within 1 year $**	**1 – 2 years $**	**Total $**
Accounts payable and accrued liabilities	103,690	-	103,690
Interest on promissory notes	14,588	-	14,588
Promissory notes (undiscounted)	150,000	75,000	225,000
	268,278	**75,000**	**343,278**

As at December 31, 2023, the Corporation has cash of $1,312 (2022 - $12,404) to settle the above liabilities. See Note 2 (b) going concern.

Market risk

Market risk is the risk that changes in market prices – e.g., foreign exchange rates, interest rates and equity prices – will affect the Corporation's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

- Interest rate risk:

Interest rate risk is part of market risk and is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Corporation's promissory notes (Note 6) carry fixed rate of interest. As such, the Corporation is not exposed to the risk of interest rate fluctuation.

- Foreign currency risk

As at December 31, 2023 and 2022, the Corporation did not have any foreign currencies.

14. Restatement

During the years ended December 31, 2022 and 2021, the Corporation received secured convertible promissory notes (Note 6) from a late director and shareholder. The Corporation did not determine the fair values of those secured convertible promissory notes as required under IFRS 9 *Financial Instruments* and it was also subsequently determined that the conversion feature did not meet the fixed-for-fixed equity classification criteria under IAS 32 *Financial Instruments: Presentation*, as such the conversion feature was a derivative liability.

These misstatements were identified during the preparation of December 31, 2023 financial statements. Management determined that a restatement was necessary to the December 31, 2022 financial statements only as the impact on the December 31, 2021 financial statements was determined to be immaterial.

The Corporation's accounting policy is to measure the secured convertible promissory notes as a whole at fair value through profit or loss.

(amounts in Canadian dollars)

As a result, the following restatements were made to the December 31, 2022 comparative financial statements:

- As at December 31, 2022, to record $150,000 and $75,000 promissory notes at their fair value of $131,026 and $59,675 respectively, $34,299 was recognized within the statement of loss and comprehensive loss with the corresponding amounts $18,974 (fair value loss) and $15,325 (fair value loss) reduced from respective secured convertible promissory notes representing a reduction in their fair values.

- Prior year figures relating to unpaid accrued interest on promissory notes were reclassified from accounts payable and accrued liabilities to show them separately on the statement of financial position, which also resulted into related amounts to be reclassified on the statement of cash flows. Additionally, the interest payment on secured convertible promissory notes was reclassified from cash flows used in operating activities to be presented within cash flows from financing activities. These changes were made to conform to the current year presentation.

Statement of Financial Position as at December 31, 2022

	Previously reported $	**Adjustment**	**Restated $**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	118,278	(14,588)	103,690
Interest on promissory notes	-	14,588	14,588
Promissory notes	150,000	(18,974)	131,026
Total current liabilities	**268,278**	**(18,974)**	**249,304**
Promissory notes	75,000	(15,325)	59,675
Total liabilities	**343,278**	**(34,299)**	**308,979**
Shareholders' deficit			
Accumulated deficit	(2,964,424)	34,299	(2,930,125)
Total shareholders' deficit	**(275,101)**	**34,299**	**(240,802)**
Total liabilities and shareholders' deficit	**68,177**	**-**	**68,177**

(amounts in Canadian dollars)

Statement of Loss and Comprehensive Loss for the year ended December 31, 2022

	Previously reported $	**Adjustment**	**Restated $**
Other income			
Gain on change in fair value of promissory notes	-	34,299	34,299
Loss and comprehensive loss for the year	**(198,315)**	**34,299**	**(164,016)**
Loss per share			
Basic and diluted	**(0.01)**	**0.01**	**(0.00)**

Statement of Cash Flows for the year ended December 31, 2022

	Previously reported $	**Adjustment**	**Restated $**
Net cash used in operating activities	**(129,867)**	**4,521**	**(125,346)**
Net cash from financing activities	**75,000**	**(4,521)**	**70,479**

15. Subsequent events

On February 20, 2024, the Corporation entered into a non-binding letter of intent ("LOI") to acquire all of the issued and outstanding shares of Burton Growers Ltd. ("Burton Growers") and Green Sight Agri-Holdings Inc. ("Green Sight"), two private companies active in the Canadian hemp production industry. Burton Growers is the owner of a 25,000 sq. ft. greenhouse and processing facility in southern Alberta that previously received a Health Canada "no concerns" acknowledgement. Green Sight is part of joint venture through which it will receive revenues from a cannabis retail product processing facility in southern Saskatchewan for which a Health Canada licence is pending.

Due to the above potential transaction, the Corporation's common shares are currently halted and management anticipates they will remain halted until the transaction has closed.