

BEVCANNA

BEVCANNA ENTERPRISES INC.

Amended and Restated

Condensed Consolidated Interim Financial Statements

(unaudited)

For the three months ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

BevCanna Enterprises Inc.

Condensed Consolidated Interim Statements (Unaudited) - Amended and Restated
(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102 "Continuous Disclosure Obligations", if an auditor has not performed a review of the interim financial statements, the financial statements must be accompanied by a notice indicating that they have not been reviewed by an auditor.

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

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by CPA (Chartered Professional Accountants) Canada for a review of interim financial statements by an entity's auditor.

August 12, 2024

BevCanna Enterprises Inc.

Condensed Consolidated Interim Statements (Unaudited) - Amended and Restated
(Expressed in Canadian dollars)

	Notes	March 31, 2024	December 31, 2023
ASSETS		\$	\$
Current			
Cash and cash equivalents	3	80,325	139,216
Receivables	4	337,752	308,070
Inventory	5	193,643	132,434
Prepaid expenses and deposits	6	182,549	140,648
Current assets classified as discontinued operations	9	69,684	74,584
		863,953	794,952
Property, plant and equipment, net	7	11,547,798	11,676,297
Intangible assets	8	598,012	598,012
		13,009,764	13,069,261
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Current			
Accounts payable and accrued liabilities	10	6,278,717	7,910,615
Deferred revenue		27,457	27,457
Short term loan payable	12,14	2,605,351	1,783,716
Due to related parties	12	42,279	52,541
Promissory note	11	2,634,920	2,588,049
Convertible debentures	13	558,014	605,958
Current liabilities classified as discontinued operations	9	4,225,400	4,184,173
		16,372,138	17,152,509
Non-current			
CEBA loans	15	60,000	80,000
Non-current liabilities classified as discontinued operations	10	150,000	150,000
		16,582,138	17,382,509
Shareholders' equity (deficit)			
Share capital	16	133,551,209	131,514,466
Common shares held in treasury	16	(3,790,545)	(3,790,545)
Obligation to issue shares	16	1,000,000	1,000,000
Reserve	16,17,18	26,937,324	26,937,324
Accumulated other comprehensive income		7,199	7,171
Deficit		(161,127,561)	(159,284,163)
Equity (Deficit) attribute to shareholders of the parent		(3,572,374)	(3,615,747)
Deficit attribute to non-controlling interest	19	-	(697,501)
		(3,572,374)	(4,313,248)
		13,009,764	13,069,261

Nature of operations and going concern (Note 1)

Commitments and contingencies (Note 22)

Subsequent events (Note 24)

Restatement of Consolidated interim Financial Statements (Note 25)

Approved and authorized for issue on behalf of the Board of Directors on August 12, 2024

"Marcello Leone"

Director, Marcello Leone

"John Campbell"

Director, John Campbell

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

BevCanna Enterprises Inc.

Condensed Consolidated Interim Statements of Comprehensive Loss (Unaudited) - Amended and Restated

(Expressed in Canadian dollars)

		Three months ended March 31,	
	Notes	2024	2023
		\$	\$
Revenue	21	19,536	26,554
Cost of revenue	21	(10,895)	(102,568)
Gross profit (loss)		8,641	(76,024)
Expenses			
Amortization	7	128,498	173,951
Filing expense		19,100	-
Investors relations		750	5,000
Marketing		146,609	12,134
Management fee	12	213,000	165,000
Legal fee		59,522	31,828
Plant operation and office expenses		165,705	324,223
Professional fee		1,975,338	648,706
Research and development		275	-
Salaries		82,626	56,941
Travel		1,939	-
		2,793,362	1,417,783
Other expenses (income):			
Accretion expense		11	12,571
Finance cost		146,966	56,775
Foreign exchange loss (gain)		12,548	(2,984)
Impairment of prepaids & deposits		9,237	-
Government grants		20,000	-
Gain on debt settlement	16,19	(1,058,681)	-
		(869,919)	66,362
Net loss for the year from continuing operations		(1,914,802)	(1,560,169)
Net loss from discontinued operations	9	(78,595)	(34,778)
Net loss for the year attributable to:			
Shareholders of the parent		(1,993,397)	(1,563,402)
Non-controlling interest	19	-	(31,545)
Other comprehensive loss			
<i>Item that may be reclassified subsequently to income or loss:</i>			
Exchange differences on the translation of foreign operation		22,581	(27,745)
Total comprehensive loss		(1,970,816)	(1,622,692)
Total comprehensive loss for the year attributable to:			
Shareholders of the parent		(1,970,816)	(1,591,147)
Non-controlling interest		-	(31,545)
Loss per share attributes to shareholders of the parent (basic and diluted)		0.64	1.28
Weighted average number of shares outstanding (basic and diluted)		3,073,914	1,244,819

Restatement of Consolidated interim Financial Statements (Note 25)

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

BevCanna Enterprises Inc.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Unaudited) - Amended and Restated
(Expressed in Canadian dollars)

	Common shares		Additional paid-up capital	Common shares held in treasury	Reserve	Obligation to issue shares	Accumulated other comprehensive income (loss)	Deficit	Equity (Deficit) attributable to shareholders of the parent	Deficit attributable to non-controlling interest	Total
	Number of shares	Amount (\$)									
Balance, December 31, 2022	236,084,466	131,081,326	-	(5,144,671)	26,937,324	1,000,000	1,012	(147,156,170)	6,718,821	(280,778)	6,438,043
Shares issued for debt settlement	87,363,286	1,747,266	(1,354,126)	1,354,126	-	-	-	-	1,787,266	-	1,787,266
10 to1 Share consolidation	(291,102,874)	-	-	-	-	-	-	-	-	-	-
Net loss and comprehensive loss	-	-	-	-	-	-	6,159	(12,127,993)	(12,121,834)	(416,723)	(12,538,557)
Balance, December 31, 2023	32,344,878	132,828,592	(1,354,126)	(3,790,545)	26,937,324	1,000,000	7,171	(159,284,163)	(3,615,747)	(697,501)	(4,313,248)
Shares issued for debt settlement	29,096,332	2,036,743	-	-	-	-	-	-	2,036,743	-	2,036,743
20 to1 Share consolidation	(58,369,046)	-	-	-	-	-	-	-	-	-	-
Net loss and comprehensive loss	-	-	-	-	-	-	28	(1,993,398)	(1,993,370)	697,501	(1,295,869)
Balance, March, 2024	3,072,164	134,865,335	(1,354,126)	(3,790,545)	26,937,324	1,000,000	7,199	(161,277,561)	(3,572,374)	-	(3,572,374)

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

BevCanna Enterprises Inc.

Condensed Consolidated Interim Statements of Cash Flows (Unaudited) – Amended and Restated

(Expressed in Canadian dollars)

Three months ended March 31,	2024	2023
	\$	\$
Operating activities		
Net loss	(1,914,802)	(1,560,169)
Items not affecting cash:		
Amortization	128,498	173,951
Accretion expense	11	12,571
Finance costs	146,966	56,775
Government grant	20,000	-
Impairment of prepaids & deposits	9,237	-
Gain on debt settlement	(1,058,681)	-
Unrealized foreign exchange loss	(3,310)	(49,864)
Changes in assets held discontinued operation	(224,754)	(184,940)
	(2,896,835)	(1,551,676)
Changes in non-cash working capital items:		
Receivable	(29,682)	96,266
Prepaid expenses and deposits	(51,138)	-
Inventory	(61,209)	18,870
Deferred revenue	192,285	192,285
Accounts payable and accrued liabilities	2,021,257	1,102,185
Due to related parties	(10,263)	137,458
Cash used in (provided by) operating activities	(835,585)	(4,612)
Investing activities		
Cash used in investing activities	-	-
Financing activities		
Proceeds from short-term loan	812,065	-
Interest paid	(38,709)	-
Cash provided by financing activities	773,356	-
Increase (decrease) in cash and cash equivalents	(62,228)	(4,612)
Effect of change in foreign exchange rate on cash	3,338	2,965
Cash and cash equivalents, beginning	139,216	39,543
Cash and cash equivalents, ending	80,325	37,896
Supplemental non-cash information		
Accrued costs in property and equipment	230,890	291,713

Restatement of Consolidated interim Financial Statements (Note 25)

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

BevCanna Enterprises Inc.

Condensed Consolidated Interim Statements (Unaudited) - Amended and Restated
(Expressed in Canadian dollars)

1) Nature of operations and Going Concern

BevCanna Enterprises Inc. (the "Company") was incorporated under the Business Corporations Act in British Columbia on July 13, 2017. The Company's common shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "BEV", in the United States on the OTC Pink Market under symbol "BVNNF", and in Germany on the Frankfurt Stock Exchange under the symbol "7BC". The registered record office of the Company is 1108 West 8th Avenue, Vancouver, BC V6H 4C8, Canada.

The Company develops and manufactures and markets the TRACE brand of Blackwater and alkaline water, concentrates, and powders, additionally it offers custom beverage manufacturing on a private and white label basis through its wholly-owned subsidiary Naturo (Note 11). The Company also plans to provide direct-to-consumer ecommerce sales of nutraceutical products.

Going concern

As of March 31, 2024, the Company has accumulated deficits of \$161,277,561, of which the non-cash portion was \$128,693,047 or 80%, and negative working capital of \$15,508,185 that has primarily been funded through financing activities. The Company will need to raise additional capital during the next twelve months and beyond to support current operations and planned development.

The Company intends to primarily rely on its ability to fund operations through future private placement equity financings, share for debt settlements, and/or long-term convertible or standard debt, but there is no guarantee the Company will be able to raise any such funds to address the deficiency or, if it can, on terms favorable to the Company. Further, any such equity financings, share for debt settlements, and/or convertible debt may materially dilute existing shareholders. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern.

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the classifications used in the consolidated statement of financial position, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material. See note 25 for details of subsequent events that are pertinent to the Company's ability to continue as a going concern.

2) Basis of presentation

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the fiscal year ended December 31, 2023, which have been prepared with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These condensed consolidated interim financial statements were approved by the Company's Board of Directors on August 12, 2024.

BevCanna Enterprises Inc.

Condensed Consolidated Interim Statements (Unaudited) - Amended and Restated
(Expressed in Canadian dollars)

2) Basis of presentation (continued)

(b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. The consolidated financial statements are presented in Canadian dollars, unless otherwise noted.

(c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and of the entities it controls (the "subsidiaries"). Control over an investee is achieved when the Company has power over the investee, has exposure or rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of its returns. Profit or loss and each component of other comprehensive income or loss are attributed to the owners of the parent and to the non-controlling interest. The subsidiaries' total comprehensive income or loss is attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Entities are consolidated from the date on which control is acquired by the Company and consolidation ends when control no longer exists. The Company must reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Intercompany transactions, balances and unrealized gains and losses on intercompany transactions are eliminated on consolidation.

Details of the Company's principal subsidiaries are as follows:

Name of subsidiary or controlled entity	Principal activity	Place of incorporation	Ownership Interest
BevCanna Operating Corp. ("BCO") ⁽²⁾	THC/CBD beverages	Canada	100%
Naturally Pure Therapy Products Corp. ("Pure Therapy")	Direct-to-consumer e-commerce	Canada	100%
Naturo Group Enterprises Inc. (formerly Naturo Group Investments Inc., "Naturo")	Wellness beverages	Canada	100%
Naturo Springs Inc. ("Springs") ⁽¹⁾	Bottled spring water	Canada	79%
Embark Health, Inc. ("Embark")	Manufacturing products	Canada	100%

(1) On December 12, 2023, Naturo Springs Inc. made an assignment in bankruptcy. There were no assets left before the Company filed for bankruptcy. The Company recognized a gain on debt settlement of \$182,214 on negative net assets of \$182,214 on the insolvency of Springs.

(2) On January 25, 2024, BevCanna Operating Corp. made an assignment in bankruptcy. There were no assets left before the Company filed for bankruptcy.

Carmanah Craft Corp. ("Carmanah") dissolved in November 2023. There are no assets in Carmanah prior to dissolution.

Exceler Holdings Ltd ("Exceler") dissolved in July 2023. There are no assets in Exceler prior to dissolution.

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2) Basis of presentation (continued)

(d) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars. The functional currency of the Company, BCO, Naturo and Springs is the Canadian dollar. The functional currency of Pure Therapy, the e-commerce merchant, entity is the US dollar.

(e) Use of estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Actual results could differ from these estimates.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the current and next fiscal financial years:

- i. The Company makes estimates on the useful lives when determining depreciation of property and equipment and the amortization of intangible assets are dependent on estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that consider factors such as economic and market conditions and useful lives of assets.
- ii. The Company uses the Black-Scholes Option Pricing Model to value options and warrants granted during the year. The model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates that are subjective and may not be representative of actual.
- iii. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

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Condensed Consolidated Interim Statements (Unaudited) - Amended and Restated
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2) Basis of presentation (continued)

(e) Use of estimates and judgments (continued)

Assets held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the noncurrent asset (or disposal group) is recognized at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated statements of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statements of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated statements of loss and comprehensive loss.

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Condensed Consolidated Interim Statements (Unaudited) - Amended and Restated
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2) Basis of presentation (continued)

(e) Use of estimates and judgements (continued)

Significant Judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements are discussed below:

- i. The assessment of the Company's ability to continue as a going concern and its ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in Note 1.
- ii. The determination of whether a set of assets acquired and liabilities assumed in an acquisition constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs, or economic benefits.
- iii. The assessment on whether the Company's subsidiary, Pure Therapy is a principal in its revenue activities related to the direct-to-customer e-commerce product sales and as a result, the revenue and cost of revenue are presented on a gross basis.
- iv. The identification of convertible debenture components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on several assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.
- v. Management is required to assess the functional currency of the Company. In concluding that the Canadian dollar is the functional currency of the Company, management considered the currency that mainly influences the operating expenditures in the jurisdiction in which the Company operates.

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3) Cash and cash equivalents

	March 31, 2024	December 31, 2023
	\$	\$
Cash deposited at banks	1,661	125,537
Cash held in trust	78,565	13,565
Cash held at e-commerce merchants	99	114
	80,325	139,216

4) Receivables

	March 31, 2024	December 31, 2023
	\$	\$
Trade receivables	517,595	418,592
GST receivable	11,393	80,714
	528,988	499,306
Allowance for doubtful accounts	(191,236)	(191,236)
	337,752	308,070

As at December 31, 2023 the Company rendered the remaining held reserve income asset amounts non-collectible resulting in a loss of discontinued operations of \$141,333.

During the three months ended March 31, 2024, there is \$nil (2023 - \$nil) bad debt expense recognized on the consolidated statement of comprehensive loss.

5) Inventory

	March 31, 2024	December 31, 2023
	\$	\$
Bottles and packaging	94,063	53,125
Finished goods	49,680	89,560
Raw materials	49,900	68,030
Write-off of inventory	-	(78,281)
	193,643	132,434

During the three months ended March 31, 2024, the Company recorded an impairment charge of \$nil (2023 - \$nil) against inventory.

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6) Prepaid expenses and deposits

	March 31, 2024	December 31, 2023
	\$	\$
Prepaid expenses	182,549	140,648
	182,549	140,648

7) Property, plant, and equipment

	Land	Furniture and equipment	Construction- in-progress	Buildings and warehouse	Leasehold improvements	Total
	\$	\$	\$	\$	\$	\$
Cost						
At December 31, 2022	1,350,000	2,535,138	9,507	14,704,964	-	18,599,608
Additions	-	6,300	-	-	-	6,300
Assets put into service	-	-	(9,507)	9,507	-	-
Disposals	-	(1,468,719)	-	-	-	(1,468,719)
At December 31, 2023	1,350,000	1,072,719	-	14,714,471	-	17,137,189
At March 31, 2024	1,350,000	1,072,719	-	14,714,471	-	17,137,189
Accumulated amortization						
At December 31, 2022	-	1,307,991	-	3,338,231	30,640	4,676,862
Amortization	-	220,930	-	444,859	(2,298)	663,490
Disposals	-	(1,130,927)	-	-	-	(1,130,927)
Impairment	-	23,458	-	1,256,351	(28,342)	1,251,467
At December 31, 2023	-	421,452	-	5,039,441	-	5,460,894
Amortization	-	31,399	-	97,099	-	128,498
At March 31, 2024	-	452,851	-	5,136,541	-	5,589,392
Net book value						
At December 31, 2022	1,350,000	1,227,146	9,507	11,366,732	(30,640)	13,922,747
At December 31, 2023	1,350,000	651,266	-	9,675,029	-	11,676,297
At March 31, 2024	1,350,000	619,868	-	9,577,930	-	11,547,798

BevCanna Enterprises Inc.

Condensed Consolidated Interim Statements (Unaudited) - Amended and Restated
(Expressed in Canadian dollars)

8) Intangible assets

	IBO relationships \$	Marketing intangibles \$	Brand (a) \$	Total \$
<i>Cost</i>				
At December 31, 2022	3,340,000	590,000	680,000	4,610,000
Additions	-	-	-	-
At December 31, 2023	3,340,000	590,000	680,000	4,610,000
Additions	-	-	-	-
At March 31, 2024	3,340,000	590,000	680,000	4,610,000
<i>Accumulated amortization</i>				
At December 31, 2022	3,340,000	590,000	81,988	4,011,988
Amortization	-	-	-	-
At December 31, 2023	3,340,000	590,000	81,988	4,011,988
Amortization	-	-	-	-
At March 31, 2024	3,340,000	590,000	81,988	4,011,988
<i>Net book value</i>				
At December 31, 2022	-	-	598,012	598,012
At December 31, 2023	-	-	598,012	598,012
At March 31, 2024	-	-	598,012	598,012

9) Discontinued operations

In Q4 2023, the Company made a strategic decision to exit the cannabis market, classifying the Embark and BevCanna Operating segments as discontinued operations in the consolidated financial statements. Financial information relating to the discontinued operations for the years ended March 31, 2024 and 2023 is set out below:

	March 31, 2024 \$	March 31, 2023 \$
Revenue	-	522,591
Cost of Revenue	-	285,369
Gross Margin	-	237,222
Operating expenses	74,118	239,603
Loss from operations	(74,118)	(2,381)
Other (income) expenses	4,477	32,397
Net income (loss) from discontinued operations	(78,595)	(34,778)

BevCanna Enterprises Inc.

Condensed Consolidated Interim Statements (Unaudited) - Amended and Restated
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9) Discontinued operations (continued)

Net cash information relating to the discontinued operations for the years ended March 31, 2024 and 2023 is set out below:

	March 31, 2024	March 31, 2023
	\$	\$
Net cash provided by (used in) operations	(776,694)	(41,233)
Net cash used in investing activities	-	-
Net cash used in financing activities	-	-
Increase (decrease) in Cash	(776,694)	(41,233)

On January 25, 2024, BevCanna Operating made an assignment to file for insolvency.

10) Accounts payable and accrued liabilities

	March 31, 2024	December 31, 2023
	\$	\$
Trade payables	3,761,296	5,225,766
Accrued liabilities	2,517,421	2,684,850
	6,278,717	7,910,615

11) Promissory note

The promissory note was acquired as part of the debt assumed on the acquisition of Naturo (Note 11). On August 5, 2017, Naturo entered into a promissory note for \$2,500,000 with an interest rate of 8%, payable quarterly, and due on August 5, 2020. On August 5, 2020, the promissory note was extended for one year. The loan is secured by the land of Naturo and the personal guarantee of the CEO under the general security agreement ("GSA"). Upon assumption by the Company, the promissory note was valued at \$2,545,479. After the expiry on August 5, 2021, the promissory note had been rolled forward on a month-to-month basis carrying an interest rate of 8%, payable monthly and due on demand.

As at March 31, 2024, the outstanding balance of the loan and accrued interest was \$2,634,920.

The Company has the option to repay the loan in full or in part at any time. The promissory note is presented as a current liability on the consolidated statement of financial position because the Company expects to settle or redeem the promissory note within the next twelve months.

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12) Related party transactions and balances

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

Related Parties Transactions:

The remuneration of directors and key management personnel was as follows:

Three months ended March 31,	2024	2023
	\$	\$
Management and Consulting fees		
Chief Financial Officer ("CFO") and Chief Strategic Officer ("CSO")	60,000	60,000
Chief Executive Officer ("CEO")	130,033	75,000
Former President	71,666	-
Former President	10,500	50,001
Sr. Ops Manager and Director	37,500	39,919
Directors	94,200	30,000
Company controlled by CEO	60,000	-
Company controlled by individual related to CEO	115,000	37,500
Company controlled by individual related to Sr. Ops Manager and Director	116,023	-
Individual related to CEO	21,652	-
	716,574	292,420

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12) Related party transactions and balances (continued)

Related Parties Balances: (continued)

As at March 31, 2024 and December 31, 2023, the following amounts were included in accounts payable and accrued liabilities in relation to transactions with related parties, which were non-interest bearing, unsecured and due on demand:

	March 31, 2024	December 31, 2023
	\$	\$
<i>Accounts payable and accrued liabilities:</i>		
Chief Financial Officer ("CFO") and Chief Strategic Officer ("CSO")	294,000	462,000
Chief Executive Officer ("CEO") (i)	647,538	616,114
Former President	71,666	339,000
Former President	-	105,921
Sr. Ops Manager and Director	41,256	76,552
Directors	31,950	228,403
Company controlled by CEO	63,000	-
Company controlled by individual related to CEO	414,836	343,961
Company controlled by individual related to Sr. Ops Manager and Director	116,023	-
Individual related to CEO (ii)	139,955	139,955
Subtotal	1,820,225	2,311,906
<i>Convertible Debenture</i>		
Directors	-	57,917
Subtotal	-	57,917
<i>Short-term loans</i>		
Company controlled by individual related to CEO	203,610	203,160
Individual related to CEO (ii)	169,675	169,300
Subtotal	373,285	372,460
<i>Due to related parties</i>		
Chief Executive Officer ("CEO")	37,279	47,541
Company controlled by individual related to CEO	5,000	5,000
Subtotal	42,279	52,541
Total	2,235,788	2,794,824

- (i) The CEO also provided a shareholder loan to the company of \$100,000 in 2022. During the period ended March 31, 2024, a partial repayment of \$10,262 (2023 - \$52,459) was made on this loan.
- (ii) Two individuals related to the CEO each provided \$125,000 USD in purchase order factoring to the Company for productions. The financing fee is \$25,000 USD each. \$25,000 USD principal was repaid during 2022. At the end of September 30, 2023, \$275,000 USD remained outstanding. During the year ended December 31, 2023, additional financing fees of \$25,000 USD and \$10,000 CAD were incurred for the extended repayment period. During the three months ended March 31, 2024, additional financing fees of \$5,000 USD were incurred for the extended repayment period.

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13) Convertible debentures

BevCanna Debentures

On April 14, 2020, the Company completed a non-brokered financing of \$630,000 by issuing convertible debentures ("Debentures"). The Debentures accrue interest at the rate of 8% per annum payable semi-annually and mature on April 14, 2023. The Debentures are convertible to common shares of the Company at \$0.75 per share.

The holders of the Debentures are entitled to convert the unpaid principal and interest into common shares of the Company at a conversion price of \$0.75 per share. If at any time the daily weighted average trading price of the Company's shares is greater than \$1.00 for the preceding 10 days, the Company will have the option to convert the outstanding principal amount at the price of \$0.75 per share.

The initial liability component of the Debentures was calculated at the present value of interest payments and expected return using an effective interest rate of 16% per annum. The equity component was determined using the residual method whereby, the fair value of the equity component is arrived at by deducting the amount determined separately for the liability from the face value of the instrument. As a result, the fair value of the conversion feature was determined to be \$118,252 and was recognized into the equity reserve of the Company.

On February 8, 2021, the Company completed an early redemption for \$115,000 of the debenture and paid \$124,532 towards the outstanding principal and accrued interest. On the same date, the Company converted \$15,000 of the debentures into 20,000 common shares. The Company reclassified \$3,754 from equity reserves to share capital related to this conversion.

On March 31, 2024, \$38,575 accrued interest remains outstanding for the BevCanna Debenture.

Naturo Debenture

On January 27, 2021, Naturo completed a debt settlement with an individual related to the CEO of the Company by issuing a convertible debenture for \$1,505,021 with an interest bearing at 10% per annum, payable monthly and maturing in 24 months. The debenture is convertible to common shares of the Company at \$0.40 per share at any time at the discretion of the debenture holder. Upon assumption by the Company on the Acquisition Date, the convertible debenture was valued at \$1,468,373.

On June 28, 2021, the Company entered into a debenture amendment and cancellation agreement with the related party to settle the \$1,505,020 in the convertible debenture plus a \$500,000 payable for finance charge, with a receivable of \$2,005,020 from the CEO of the Company. There was \$nil gain or loss on the settlement of these balances.

Upon the settlement, the convertible debenture has an outstanding balance of \$1,525,459 for the principal and accrued interest. Following the settlement, the excess \$20,439 accrued interest payable was paid during the year ended December 31, 2023.

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13) Convertible debentures (continued)

The value of the debenture as at March 31, 2024, is \$558,014.

	\$
Balance, December 31, 2021	461,408
Addition	50,000
Accretion expense	45,553
Finance charge	42,916
Finance charge payment	(20,000)
Balance, December 31, 2022	579,876
Accretion expense	27,599
Finance charge	(1,517)
Balance, December 31, 2023	605,958
Reduction	(57,917)
Finance charge	9,972
Balance, March 31, 2024	558,014

14) Short term loans

The Company entered into three short-term loans over the year 2022:

- The related party loans are non-interest-bearing and are repayable at any time.
- The purchase order factoring of individuals related to the CEO consisted of two individuals each providing \$125,000 USD with a \$25,000 USD financing fee each. \$25,000 USD of the principal was repaid during 2022, resulting in \$275,000 USD outstanding.
- The Company entered into several factoring agreements against purchase order receivables with several creditors.

On July 11, 2023, Naturo Group entered into a loan agreement with a private lender for \$600,000, secured by a second mortgage on property in Bridesville, BC. The loan carries a 13.5% interest rate for the first two months, with an original term of three months, which has subsequently been extended to twelve months.

On November 7, 2023, the Company entered into a loan agreement with a private lender for \$200,000, secured by a second mortgage on property in Bridesville, BC. The loan carries a 15% interest rate, with a term of twelve months from November 3, 2023.

On November 20, 2023, the Company entered into a loan agreement with a private lender for \$100,000, secured by a second mortgage on property in Bridesville, BC. The loan carries a 15% interest rate, with a term of twelve months from November 20, 2023.

On December 2, 2023, the Company entered into a loan agreement with a private lender for \$200,000, secured by a second mortgage on property in Bridesville, BC. The loan carries a 15% interest rate, with a term of twelve months from December 2, 2023.

On December 6, 2023, the Company entered into a secured note agreement with two private lenders for \$320,000, secured by the general assets of the Company. The loan carries a 15% interest rate, with a term of twelve months from December 6, 2023. The interest payable for the twelve months was prepaid on the date of issuance as an interest reserve to be deducted.

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14) Short term loans (continued)

During the three months ended March 31, 2024, the Company secured \$812,065 through subscriptions for Secured Promissory Notes with various subscribers. The notes expire in one year and have maturity dates between January 18 to March 27, 2025, accruing interest at 15% per annum. The total interest payable is deducted from the principal amount in advance on the closing date.

	March 31, 2024	December 31, 2023
	\$	\$
Mortgage advance/Secured note	2,232,065	1,420,000
Purchase order factoring – individuals related to CEO	373,286	363,716
Balance, December 31, 2023	2,605,351	1,783,716

15) CEBA loans

In April 2020, the Government of Canada funded the loan program Canada Emergency Business Account ("CEBA"). Companies were offered a \$40,000 non-interest-bearing loan with 25% loan forgiveness automatically applied if \$30,000 of the loan was repaid prior to December 31, 2021.

The repayment terms have since extended to December 31, 2023, and the loan offer has increased to \$60,000 with 33.33% of forgiveness automatically applied if 66.66% of the payment is received prior to December 31, 2023. The loan is repayable at any time without penalty, but amounts repaid cannot be readvanced.

On January 1, 2024, the CEBA loan will automatically renew with a maturity date of December 31, 2025, subject to interest at 5% per annum, with payments of interest due monthly. In the event of default, the loan payable becomes due immediately.

	\$
Balance, December 31, 2021	99,978
Acquisition	120,000
Accretion expense	10,022
Reclassified as discontinued operations	(150,000)
Balance, December 31, 2022	80,000
Balance, December 31, 2023	80,000
Addition	20,000
Reduction	(40,000)
Balance, March 31, 2024	60,000

The CEBA loans are accounted for using the amortized cost method discounted at an effective interest rate with the discount portion recorded as a government grant.

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16) Share capital

Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

Issued

During the three months ended March 31, 2024, the Company issued 29,096,332 (1,454,816 common shares, as adjusted for the 1:20 reverse stock split) common shares to settle \$2,909,633 of debt owed to various vendors. The common shares had a fair value of \$2,036,743 and the Company recognized a gain on the settlement of debt of \$872,890.

During the year ended December 31, 2023, the Company issued 87,363,286 common shares to settle \$3,057,715 of debt owed to various vendors. The common shares had a fair value of \$1,747,266 and the Company recognized a gain on the settlement of debt of \$1,310,449.

On December 14, 2023, the Company transferred 1,142,857 of common shares held in trust to settle \$40,000 of debt owed to one vendor.

Obligations to issue shares:

During the year ended December 31, 2019, the Company received \$1,000,000 of proceeds towards the exercise of certain share purchase warrants issued during 2018.

As at March 31, 2024, these warrants remained outstanding and unexercised. As a result, the amount remained to be classified as obligations to issue shares on the consolidated statement of financial position as at March 31, 2024.

17) Stock options

In 2018, the Company adopted an incentive stock option plan ("Plan"). Pursuant to the Company's stock option plan, directors may authorize the granting of options to directors, officers, employees, and consultants of the Company. The expiry date for each option is determined by the board of directors at the time such option is granted. All options under the plan are non-assignable, non-transferrable and only exercisable by the optionee.

During the year ended December 31, 2023, no shares were issued or exercised.

A summary of the changes in the share options are presented below:

	Options outstanding	Weighted-average exercise price
At December 31, 2022	4,600,000	0.52
Forfeited	(4,000,000)	0.54
Share consolidation	(540,000)	-
At December 31, 2023	60,000	3.54
Forfeited	(1,250)	100.00
Share consolidation	(57,000)	
At March 31, 2024	1,750	50.00

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17) Stock options (continued)

The following table summarizes information about the stock options outstanding and exercisable at March 31, 2024:

Expiry date	Number of stock options outstanding	Number of stock options exercisable	Weighted average exercise price \$	Weighted average remaining contractual life
July 31, 2024	35,000	35,000	2.50	0.58
Share consolidation	(33,250)	(33,250)	-	-
	1,750	1,750	50	0.33

During the three months ended March 31, 2024, the Company recognized share-based payments expense of \$nil (2023 - \$nil).

The estimated grant date fair value of the options granted during the year ended December 31, 2023 and 2022 was calculated using the Black-Scholes option pricing model with the following weighted-average assumptions:

	2023	2022
Risk-free interest rate	1.49%	1.49%
Expected life (years)	1.33	1.33
Annualized volatility	120.7%	120.7%
Dividend rate	0%	0%

18) Share purchase warrants

A summary of the changes in the share purchase warrants are presented below, there were no changes in the twelve months ended December 31, 2023.

	Warrants outstanding	Weighted-average exercise price \$
At December 31, 2021	5,542,133	1.13
Granted	5,279,237	1.47
Exercised	(2,542,133)	1.87
At December 31, 2022	8,279,237	1.12
Forfeited	(3,000,000)	5.00
Share consolidation	(4,751,313)	
At December 31, 2023	527,924	14.7
Forfeited	(527,924)	5.00
At March 31, 2024	-	-

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19) Non-controlling interest

The non-controlling interest attributes to the common shares representing 21% equity interest in Naturo Springs Ltd. held by non-controlling interest holders and is related to the consideration transferred in the acquisition of Naturo as described in Note 11. During the three months ended March 31, 2024, the continuity of equity attributable to the non-controlling interest is as follows:

	Amount
Balance, December 31, 2021	(153,817)
Share of net loss for the period	(126,961)
Balance, December 31, 2022	(280,778)
Share of net loss for the period	(416,723)
Balance, December 31, 2023	(697,501)
Deconsolidation due to bankruptcy	697,501
Balance, March 31, 2024	-

The following is the summarized statement of financial position of Springs as at March 31, 2024 and December 31, 2023:

	2024	2023
	\$	\$
Current:		
Assets	-	22,311
Liabilities	-	(3,820,519)
Current net liabilities	-	(3,798,208)
Net liabilities	-	(3,798,208)

The following is the summarized comprehensive loss of Springs for the three months ended March 31, 2024 and 2023:

	2024	2023
	\$	\$
Revenue	-	11,401
Expenses	-	(153,130)
Total comprehensive loss	-	(153,130)

On December 12, 2023, Naturo Springs Inc. made an assignment in bankruptcy. There were no assets left before the Company filed for bankruptcy. The Company recognized a gain on debt settlement of \$182,214 on negative net assets of \$182,214 on the insolvency of Springs.

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20) Financial instruments

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
- Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The carrying value of the Company's financial assets and liabilities including cash, amounts receivable and deposits and trade and other payables included in the consolidated statement of financial position as at March 31, 2024 and December 31, 2023, approximate their fair value due to their short terms to maturity.

Financial risks

The Company's activities expose it to financial risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The principal financial risks to which the Company is exposed are credit risk, foreign exchange risk, liquidity risk and interest rate risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis. There have been no significant changes in the Company's exposure to these financial risks in the three months ended March 31, 2024.

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20) Financial instruments (continued)

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company is subject to credit risk on its cash and trade receivables. The Company limits its exposure to credit loss on cash by placing its cash with a high-quality financial institution. The Company has concentrations of credit risk with respect to trade receivables as large amounts of its trade receivable are concentrated amongst a small number of customers. The Company performs credit evaluations of its customers but generally does not require collateral to support trade receivables. Trade receivables are shown net of any provision made for impairment of the receivables. Due to this factor, the Company believes that no additional credit risk, beyond the amounts provided for collection loss, is inherent in trade receivable.

There are two customers accounting for more than 10% of gross revenue the Company generated during the three months ended:

For the period ended	March 31, 2024	March 31, 2023
Customer A	0.0%	38.2%
Customer B	67.5%	61.8%
Total	67.5%	86.5%

The amount receivable from these customers constitutes 0.5% and 16.8% respectively (2023 – 2.2% and 5.3%) of the amount receivable and \$56,658 remains outstanding subsequent to March 31, 2024.

Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate due to changes in interest rate. The Company is exposed to interest rate risk on its cash and debt instruments and has determined that there is no material exposure related to interest rate risk as the debt is fixed rate.

Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's exposure to currency risk is limited as the majority of its sales and expenditures are denominated in the same currency as its functional currency.

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21) Segmented information

The Company determines its reportable segments based on the nature of operations and includes two operating segments: alkaline and mineralized beverages and supplements and eCommerce. The alkaline and mineralized beverages include the development and manufacturing of TRACE brand and other beverages and supplements. The CBD beverage include the development and/or production of cannabinoid beverages and supplements for both in-house brands and white-label customers. The eCommerce segment includes direct-to-customer sales of natural health products including nutraceutical and hemp-based CBD products.

The Company' financial information by reportable segment for the three months ended March 31, 2024 is as follows:

Three months ended March 31, 2024:

	Conventional Beverage	ECommerce	Total
	\$	\$	\$
Revenue from external customers	19,536	-	19,536
Cost of revenue	10,895	-	10,895
Depreciation and amortization	128,498	-	128,498
Other selling, general and administrative expenses	2,658,618	6,246	2,664,864
Segment income (loss)	(2,778,475)	(6,246)	(2,784,721)
Segment assets	12,889,938	119,826	13,009,764
Segment liabilities	16,516,899	65,239	16,582,138

Three months ended March 31, 2023:

	Conventional Beverage	ECommerce	Total
	\$	\$	\$
Revenue from external customers	37,945	-	37,945
Cost of revenue	113,969	-	113,969
Depreciation and amortization	173,951	-	173,951
Other selling, general and administrative expenses	1,239,512	4,320	1,243,832
Segment income (loss)	(1,489,487)	(4,320)	(1,493,807)
Segment assets	12,948,420	120,841	13,069,261
Segment liabilities	17,322,419	60,090	17,382,509

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21) Segmented information (continued)

The Company's financial information by geography for the three months ended March 31, 2024 and year ended December 31, 2023 is as follows:

	Canada \$	U.S.A. \$	Total \$
<i>Assets</i>			
As at March 31, 2024			
Current	744,127	119,826	863,953
Non-current	12,145,811	-	12,145,811
Total assets	12,889,938	119,826	13,009,764
As at December 31, 2023			
Current	674,111	120,841	794,952
Non-current	12,274,309	-	12,274,309
Total assets	12,948,420	120,841	13,069,261
<i>Revenue</i>			
For the three months ended March 31, 2024	19,536	-	19,536
For the three months ended March 31, 2023	37,945	-	37,945
<i>Net income (loss)</i>			
For the three months ended March 31, 2024	(1,908,556)	(6,246)	(1,914,802)
For the three months ended March 31, 2023	(1,555,743)	(4,426)	(1,560,169)

22) Commitments and contingencies

(a) Commitments

Contractual Obligations

	Carrying amount \$	Contractual cash flows \$	Under 1 year \$	1-3 years \$
As at March 31, 2024				
Trade payable and accrued liabilities	6,278,717	6,278,717	6,278,717	-
Due to related parties	42,279	42,279	42,279	-
Promissory note	2,634,920	2,634,920	2,634,920	-
ST Loan Payable	2,605,351	2,605,351	2,605,351	-
Convertible debentures	558,014	558,014	558,014	-
CEBA loan	60,000	60,000	60,000	-
Total	12,179,281	12,179,281	12,179,281	-

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22) Commitments and contingencies (continued)

(b) Contingencies

The Company is a party to a variety of agreements in the ordinary course of operation, under which it may be obligated to indemnify third parties with respect to certain matters. Certain conditions may exist as of the date the consolidated financial statements are issued, which may result in a loss to the Company. Management assesses such contingent liabilities and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to claims, proceedings or litigation that are pending against the Company or unasserted claims that may result in such proceedings, if the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, the estimated liability would be accrued in the Company's consolidated financial statements.

During 2021, the Company received a claim for an alleged settlement of damages. Legal advice obtained as at the time the financial statements were prepared indicated that it is likely that the claim could result in an award of \$125,000, as such, the company has expensed this amount as a loss on debt settlement in 2021. This was settled and paid in full in July of 2023.

During 2022, the Company received a claim for unpaid vacation pay, regular wages, and wage deferral from a former employee. The company disputes the claims, stating that all vacation pay has been settled, the individual did not work during the claimed period for regular wages, and shares were accepted instead of wage deferral repayment. As of February 21, 2024, the Employment Standards Branch determined the individual is entitled to a reduced amount of wages and interest of \$3,797. This was settled and paid in full in February of 2024.

During the year 2023, the Company involved an action initiated by a service provider seeking payment of invoices totaling \$3,018.75 for cleaning services rendered over three months in 2022. The claimant also sought reimbursement for tribunal-related fees and interest on the outstanding amount. Although the claim was indirectly against another party, it appears the company involved does not bear direct liability for invoice repayment. The tribunal ruled in favor of the claimant, ordering payment of \$3,134.45.

In 2023, the Company received a claim of \$4,800.62 for Canada-wide freight services provided. Claiming the outstanding balance as immediately due and payable, the cargo company also included dispute-related fees and expenses. On February 8, 2024, the Civil Resolution Tribunal ruled in favor of the cargo company, ordering payment of \$4,950.62.

The Company is a defendant in a legal dispute initiated by another party seeking payment. As of June 22, 2023, the outstanding amounts, inclusive of interest at a rate of 21% per annum, were as follows:

- BevCanna: \$118,504
- Embark: \$17,605
- Naturo: \$87,451

The Company will continue to accrue interest on these amounts until the judgment is paid in full. During the period ended March 31, 2024, the Company paid \$100,000, and an additional \$20,000 was paid subsequent to the period ended March 31, 2024. The outstanding balance stands at \$103,560 at March 31, 2024.

The Company is involved in other litigation and disputes arising in the normal course of operations. Management is of the opinion that the outcome of any potential litigation will not have a material adverse impact on the Company's financial position or results of operations. Accordingly, no provisions for the settlement of other outstanding litigation and potential claims have been accrued.

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23) Capital management

The Company's objective when managing capital is to maintain a flexible capital structure for its projects for the benefit of its stakeholders. The Company's main source of funds is from its ability to raise public and/or private equity or loan financing. The Company manages the capital structure and makes appropriate adjustments to it based upon changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets.

The Company's investment policy is to invest its available cash in Canadian chartered banks and from time to time in guaranteed term deposits at fixed interest rates established at the time of investment. All its funds are available for project and corporate objectives.

The Company considers cash to include amounts held in banks. The Company places its cash with institutions of high credit worthiness.

The Company is not subject to any externally imposed capital requirements. There is no change in the way the Company manages its capital during the year ended March 31, 2024.

24) Subsequent Events

Secured Promissory Note Financing

Subsequent to March 31, 2024, Naturo secured \$618,353 through subscriptions for Secured Notes with various subscribers. The notes have maturity dates between April 16 to May 9, 2025 and accrue interest at 15% per annum, with the total interest payable in advance and deducted from the principal amount on the closing date.

Share for Debt Settlement

Subsequent to March 31, 2024, the Company settled \$1,930,743 in debts owed to various vendors, consultants, and related parties by issuing 1,755,209 common shares, of which \$383,233 was settled with related parties. The fair value of the shares is \$2,545,053, resulting in a recognized loss on debt settlement of \$614,310.

Share for Debt Settlement

On June 19, 2024 the Company settled debt in the aggregate amount of \$2,660,139.05 owed by the Company to certain creditors of the Company which consists of the following: \$683,669.23 owed to certain creditors of the Company in exchange for an aggregate of 1,139,448 common shares at a deemed price of \$0.60 per share and \$1,976,469.82 owed to certain creditors of the Company in exchange for 3,294,113 units of the Company (each, a "Unit") at a deemed price of \$0.60 per Unit, each Unit consisting of one common share of the Company and 0.35 common share purchase warrants (each whole warrant, a "Warrant"), with each Warrant exercisable to purchase an additional common share of the Company (each, a "Warrant Share") at an exercise price of \$0.60 per Warrant Share for a period of two years from the closing date of the debt settlement transaction. The Warrants and Warrant Shares will be subject to a restricted period of four months and one day as required by the Canadian Securities Exchange.

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24) Subsequent Events (continued)

Bankruptcy Filing

On July 19, 2024 the Company's wholly-owned subsidiary, Embark Health Inc. filed for bankruptcy. Manning & Associates Inc. was appointed trustee of the estate of the bankrupt by the official receiver subject to affirmation by the creditors of the trustee's appointment or substitution of another trustee by the creditors.

Acquisition of Greenflame Distribution Ltd.

On July 25, 2024 the Company announced it has entered into a share exchange agreement dated July 24, 2024 (the "Agreement") to acquire health and wellness nutraceutical products company Greenflame Distribution Ltd. ("Greenflame"), an arm's-length private British Columbia corporation (the "Acquisition"). Greenflame owns a proprietary product portfolio. Closing of the transaction is subject to regulatory approval.

Non-brokered Private Placement

On August 2, 2024 the Company closed the first tranche of its non-brokered private placement for common shares of the Company at a price of \$0.60 per common share for aggregate gross proceeds of \$232,850 for a total of 388,082 common shares (the "Offering"). The remainder of the Offering may close in one or more additional tranches.

25) Restatement of Consolidated interim Financial Statements

The interim financial statements and corresponding management's discussion and analysis ("MD&A") of the Company for the period ended March 31, 2024, have been amended to address errors found in the previously filed Financial Statements and MD&A.

The effects of the restatement are as follows:

Statement of Financial Position

	March 31, 2024 (Original)	Adjustment	March 31, 2024 (Restated)
ASSETS			
Current			
Cash and cash equivalents	\$ 80,325	\$ -	\$ 80,325
Receivables	337,752	-	337,752
Inventory	193,643	-	193,643
Prepaid expenses and deposits	182,549	-	182,549
Current assets classified as discontinued operations	69,684	-	69,684
	863,953	-	863,953
Property, plant and equipment, net	11,547,798	-	11,547,798
Intangible assets	598,012	-	598,012
	13,009,764	-	13,009,764

BevCanna Enterprises Inc.

Condensed Consolidated Interim Statements (Unaudited) - Amended and Restated
(Expressed in Canadian dollars)

25) Restatement of Consolidated interim Financial Statements (continued)

Statement of Financial Position (continued)

	March 31, 2024 (Original)	Adjustment	March 31, 2024 (Restated)
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Current			
Accounts payable and accrued liabilities	5,854,893	423,824	6,278,717
Deferred revenue	27,457	-	27,457
Short term loan payable	2,605,351	-	2,605,351
Due to related parties	42,279	-	42,279
Promissory note	2,634,920	-	2,634,920
Convertible debentures	558,014	-	558,014
Current liabilities classified as discontinued operations	4,225,400	-	4,225,400
	15,948,314	423,824	16,372,138
Non-current			
CEBA loans	60,000	-	60,000
Non-current liabilities classified as discontinued operations	150,000	-	150,000
	16,158,314	423,824	16,582,138
Shareholders' equity (deficit)			
Share capital	133,551,209	-	133,551,209
Common shares held in treasury	(3,790,545)	-	(3,790,545)
Obligation to issue shares	1,000,000	-	1,000,000
Reserve	26,937,324	-	26,937,324
Accumulated other comprehensive income	7,199	-	7,199
Deficit	(160,853,737)	(423,824)	(161,277,561)
Equity (Deficit) attribute to shareholders of the parent	(3,148,550)	(423,824)	(3,572,374)
Deficit attribute to non-controlling interest	-	-	-
	(3,148,550)	(423,824)	(3,572,374)
	13,009,764	-	13,009,764

Statement of Loss and Comprehensive Loss

	Three months ended March 31, 2024 (Original)	Adjustment	Three months ended March 31, 2024 (Restated)
	\$	\$	\$
Revenue	19,536	-	19,536
Cost of revenue	(10,895)	-	(10,895)
Gross profit (loss)	8,641	-	8,641
Expenses			
Amortization	128,498	-	128,498
Filing expense	19,100	-	19,100
Investors relations	750	-	750
Marketing	146,609	-	146,609
Management fee	213,000	-	213,000

BevCanna Enterprises Inc.

Condensed Consolidated Interim Statements (Unaudited) - Amended and Restated
(Expressed in Canadian dollars)

25) Restatement of Consolidated interim Financial Statements (continued)

Statement of Loss and Comprehensive Loss (continued)

	Three months ended March 31, 2024 (Original)	Adjustment	Three Months Ended March 31, 2024 (Restated)
Legal fee	59,522	-	59,522
Plant operation and office expenses	165,705	-	165,705
Professional fee	1,551,514	423,824	1,975,338
Research and development	275	-	275
Salaries	82,626	-	82,626
Travel	1,939	-	1,939
	2,369,538	423,824	2,793,362
Other expenses (income):			
Accretion expense	11	-	11
Finance cost	146,966	-	146,966
Foreign exchange loss (gain)	12,548	-	12,548
Impairment of prepaids & deposits	9,237	-	9,237
Government grants	20,000	-	20,000
Gain on debt settlement	(1,058,681)	-	(1,058,681)
	(869,919)	-	(869,919)
Net loss for the year from continuing operations	(1,490,978)	(423,824)	(1,914,802)
Net loss from discontinued operations	(78,595)	-	(78,595)
Net loss for the year attributable to:			
Shareholders of the parent	(1,569,573)	-	(1,993,397)
Non-controlling interest	-	-	-
Other comprehensive loss			
<i>Item that may be reclassified</i> <i>subsequently to income or loss:</i>			
Exchange differences on the translation of foreign operation	22,581	-	22,581
Total comprehensive loss	(1,546,992)	-	(1,970,816)
Total comprehensive loss for the year attributable to:			
Shareholders of the parent	(1,546,992)	-	(1,970,816)
Non-controlling interest	-	-	-
Loss per share attributes to shareholders of the parent (basic and diluted)	0.50	-	0.64
Weighted average number of shares outstanding (basic and diluted)	3,073,914	-	3,073,914

BevCanna Enterprises Inc.

Condensed Consolidated Interim Statements (Unaudited) - Amended and Restated
(Expressed in Canadian dollars)

BevCanna Enterprises Inc.

Condensed Consolidated Interim Statements (Unaudited) - Amended and Restated
(Expressed in Canadian dollars)

25) Restatement of Consolidated interim Financial Statements (continued)

Statement of Cash Flows

Three months ended March 31,	2024		2024
	(Original)	Adjustment	(Restated)
	\$	\$	\$
Operating activities			
Net loss	(1,490,978)	(423,824)	(1,914,802)
Items not affecting cash:			
Amortization	128,498	-	128,498
Accretion expense	11	-	11
Finance costs	146,966	-	146,966
Government grant	20,000	-	20,000
Impairment of prepaids & deposits	9,237	-	9,237
Gain on debt settlement	(1,058,681)	-	(1,058,681)
Unrealized foreign exchange loss	(3,310)	-	(3,310)
Changes in assets held discontinued operation	(224,754)	-	(224,754)
	(2,473,011)	(423,824)	(2,896,835)
Changes in non-cash working capital items:			
Receivable	(29,682)	-	(29,682)
Prepaid expenses and deposits	(51,138)	-	(51,138)
Inventory	(61,209)	-	(61,209)
Deferred revenue	192,285	-	192,285
Accounts payable and accrued liabilities	1,597,433	423,824	2,021,257
Due to related parties	(10,263)	-	(10,263)
Cash used in (provided by) operating activities	(835,585)	-	(835,585)
Investing activities			
Cash used in investing activities	-	-	-
Financing activities			
Proceeds from short-term loan	812,065	-	812,065
Interest paid	(38,709)	-	(38,709)
Cash provided by financing activities	773,356	-	773,356
Increase (decrease) in cash and cash equivalents	(62,228)	-	(62,229)
Effect of change in foreign exchange rate on cash	3,338	-	3,338
Cash and cash equivalents, beginning	139,216	-	139,216
Cash and cash equivalents, ending	80,325	-	80,325
Supplemental non-cash information			
Accrued costs in property and equipment	230,890	-	230,890