Veji Holdings Ltd.

Financial Statements

For the fifteen months ended March 31, 2024 and twelve months ended December 31, 2022

(Expressed in Canadian dollars)

KRESTON GTA

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Veji Holding Ltd.

Opinion

We have audited the accompanying statements of Veji Holding Ltd. (the "Company"), which comprise the statement of financial position as at March 31, 2024, and the statements of loss and comprehensive loss, changes in shareholders' equity, cash flows for the fifteen months then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2024, and its financial performance and its cash flows for the fifteen months then ended, in conformity with International Financial Reporting Standards ("IFRS").

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which describe the events and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Basis for Opinion

We conducted our audits 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 audits 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.

Key Audit Matter

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.

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Other Matter

The consolidated financial statements of the Company for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on the report dated August 8, 2023.

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 and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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 it 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements.

We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the 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.

The engagement partner on the audit resulting in this independent auditor’s report is Spence Walker.

Kreston GTA LLP

Chartered Professional Accountants
Markham, Canada
July 26, 2024

Veji Holdings Ltd.
Statements of Financial Position
As at March 31, 2024 and December 31, 2022
(Expressed in Canadian dollars)

		March 31, 2024		December 31, 2022
Assets				
Current assets				
Cash	$	61,318	$	11,569
Accounts receivable (note 4)		15,081		31,423
Short term investments (note 5)		-		225,000
Total current assets		**76,399**		**267,992**
Total assets	**$**	**76,399**	**$**	**267,992**
Liabilities and shareholders' equity (deficiency)				
Current liabilities				
Accounts payable and accrued liabilities (note 6)	$	200,695	$	3,914,853
Loans and borrowings (note 7)		99,525		3,930,319
Total current liabilities		**300,220**		**7,845,172**
Total liabilities		**300,220**		**7,845,172**
Shareholders' equity				
Share capital (note 8)		11,521,066		11,308,027
Contributed surplus (note 9)		3,765,828		3,752,610
Accumulated deficit		(15,510,715)		(22,508,795)
Accumulated other comprehensive loss		-		(129,022)
Total shareholders' equity (deficiency)		**(223,821)**		**(7,577,180)**
Total liabilities and shareholders' equity (deficiency)	**$**	**76,399**	**$**	**267,992**

Going concern (note 2)
Subsequent events (note 19)

Approved on July 26, 2024, by the Board of Directors

Director signed "Ryan Hounjet" Director signed "Amardeep Purewal"

See accompanying notes to the consolidated financial statements

Veji Holdings Ltd.
Statements of Loss and Comprehensive Loss
For the fifteen months ended March 31, 2024 and twelve months end December 31, 2022
(Expressed in Canadian dollars)

	Fifteen months ended March 31, 2024	Twelve months ended December 31, 2022
Revenue (note 10)	$ -	$ 3,334,917
Cost of goods sold	-	2,281,376
Gross profit	**-**	**1,053,541**
Selling and distribution (note 11)	2,400	1,803,201
General and administrative (note 12)	312,719	4,408,507
Realized and unrealized foreign exchange loss	30,757	31,017
Loss on disposal of asset	-	21,411
Unrealized gain on short-term investments	-	(10,714)
Loss on sale of short-term investments	172,704	-
Loss on write down of intangibles, net	-	1,485,675
Loss on write down of goodwill	-	4,774,205
Loss on derecognition of financial assets	-	52,556
Gain on derecognition of financial liabilities	(7,521,691)	-
Gain on remeasurement of contingent consideration, net	-	(1,844,281)
Loss on derecognition of right of use asset	-	145,200
Gain on derecognition of lease obligation	-	(157,570)
Total operating expenses	**(7,003,110)**	**10,709,208**
Operating income (loss)	**$ 7,003,110**	**$ (9,655,667)**
Interest expense, net	5,030	168,882
Net finance expense	**5,030**	**168,882**
Net income (loss) for the period	**6,998,080**	**(9,824,549)**
Other comprehensive loss:		
Items that may be reclassified subsequently to profit or loss:		
Currency translation adjustment	-	(128,685)
Total comprehensive income (loss) for the period	**6,998,080**	**(9,953,234)**
Weighted average number of common shares outstanding	2,064,654	1,143,385
Basic and diluted net income (loss) per share (note 13)	$ 3.39	$ (8.59)

See accompanying notes to the consolidated financial statements

Veji Holdings Ltd.
Statements of Changes in Shareholders' Equity (Deficiency)
For the fifteen months ended March 31, 2024 and twelve months ended December 31, 2022
(Expressed in Canadian dollars)

	Number of shares	Share capital	Shares to be issued	Contributed Surplus	Accumulated Deficit	Accumulated Other Comprehensive Income (AOCI)	Total
Balance at December 31, 2021	**1,143,385**	**$ 11,308,027**	**$ -**	**$ 3,659,931**	**$ (12,684,246)**	**$ (337)**	**$ 2,283,375**
Net loss and comprehensive loss for the period	-	-	-	-	(9,824,549)	(128,685)	(9,953,234)
Share based compensation	-	-	-	92,679	-	-	92,679
Balance at December 31, 2022	**1,143,385**	**11,308,027**	**-**	**3,752,610**	**(22,508,795)**	**(129,022)**	**(7,577,180)**
Net income and comprehensive income for the period	-	-	-	-	6,998,080	-	6,998,080
Reclass of AOCI to net income						129,022	129,022
Shares issued to settle liabilities	1,029,057	128,631	-	-	-	-	128,631
Share based compensation	-	-	-	12,627	-	-	12,627
Shares issued for private placement	1,700,000	84,408	-	-	-	-	84,408
Shares issued for finder's fee	170,000	-	-	592	-	-	592
Balance at March 31, 2024	**4,042,442**	**$ 11,521,066**	**$ -**	**$ 3,765,828**	**$ (15,510,715)**	**$ -**	**$ (223,821)**

See accompanying notes to the consolidated financial statements

Veji Holdings Ltd.
Statements of Cash Flows
For the fifteen months ended March 31, 2024 and twelve months ended December 31, 2022
(Expressed in Canadian dollars)

	Fifteen months ended March 31, 2024	Twelve months ended December 31, 2022
Operating activities		
Net income/(loss) for the period	**$ 6,998,080**	**$ (9,824,549)**
Items not requiring an outlay of cash:		
Realized and unrealized foreign exchange loss	30,757	-
Depreciation of equipment	-	24,798
Depreciation of right-of-use-asset	-	29,633
Amortization of intangibles	-	228,700
Share based compensation	12,627	92,679
Gain on remeasurement of contingent consideration	-	(1,844,281)
Loss on disposal of asset	-	21,411
Unrealized gain on short-term investments	-	(10,714)
Loss on sale of investments	172,704	-
Loss on write down of intangibles	-	1,485,675
Loss on write down of goodwill	-	4,774,205
Loss on derecognition of financial assets	-	52,557
Gain on derecognition of financial liabilities	(7,774,790)	-
Loss on derecognition of right of use asset	-	145,200
Gain on derecognition of lease obligation	-	(157,570)
Net change in non-cash working capital balances:		
Accounts receivable	-	156,410
Inventory	-	746,457
Prepaid expenses	-	257,308
Accounts payable and accrued liabilities	373,720	1,452,486
Cash provided/(used) by operating activities	**(186,903)**	**(2,369,595)**
Investing activities		
Purchase of equipment	-	(7,840)
Intangible development costs	-	(54,007)
Proceeds from sale of short-term investments	52,295	140,000
Proceeds from sale of intangibles	-	128,000
Cash provided by investing activities	**52,295**	**206,153**
Financing activities		
Proceeds from issuance of common shares	85,000	-
Proceeds/(payments) of lease obligations	-	(14,578)
Proceeds/(repayments) of loans and borrowings	99,525	2,190,721
Cash provided by financing activities	**184,525**	**2,176,143**
Increase in cash during the period	49,917	12,701
Effect of exchange rate changes on cash	(168)	(144,153)
Cash, beginning of period	11,569	143,021
Cash, end of period	**$ 61,318**	**$ 11,569**
Non-cash transactions		
Issuance of shares to settle liabilities	128,631	-
Issuance of shares to settle finder's fee	8,500	-

See accompanying notes to the financial statements

1. REPORTING COMPANY

Veji Holdings Ltd. (“Veji” or the “Company”) was incorporated on July 30, 2019 under the *Business Corporations Act* of British Columbia. During 2022, the Company ceased its principal business activity of providing a digital marketplace which offered thousands of plant-based and sustainable living products directly to consumers from a wide array of brands. The Company is currently evaluating its strategic alternatives which includes the identification and evaluation of potential acquisitions of assets and/or businesses.

The Company's registered office is located at 905 West Pender Street, 6th Floor, Vancouver, British Columbia, V6C 1L6. Beginning on November 10, 2021, the Company became listed on the Canadian Securities Exchange and trades under the symbol VEJI.

2. BASIS OF PRESENTATION

Statement of compliance

These financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and the IFRS Interpretations Committee (“IFRIC”), effective for the Company’s reporting for the fifteen months ended March 31, 2024 and twelve months ended December 31, 2022. These financial statements were approved by the Board of Directors on July 26, 2024.

Basis of consolidation

The comparative consolidated financial statements for the twelve months ended December 31, 2022 include the accounts of Veji Holdings Ltd. and its 100% owned subsidiaries Veg Essentials LLC and VEDGEco USA, Inc. Veg Essentials LLC was dissolved in November 2022 and VEDGEco USA, Inc. was dissolved in December 2022. As a result, the financial statements for the fifteen months ended March 31, 2024 have been deconsolidated and solely reflect the results of Veji Holdings Ltd.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company. The functional currency of the Company’s material subsidiaries being Veg Essentials LLC and VEDGEco USA, Inc. is the United States Dollar.

Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes the Company will be able to realize its assets and settle its liabilities in the normal course of business. The nature of the Company’s commencement of operations resulted in significant expenditures for setting up the operations to scale for a large volume of transactions. The eventual generation of profit is dependent upon several factors including expanding into various markets, the ability of the Company to obtain financing to support growth and scale of operations, and to meet working capital requirements and generate positive cash flows from operations.

2. BASIS OF PRESENTATION (continued)

Going concern (continued)

To date, the Company has not generated positive cash flows from operations. As at March 31, 2024, the Company had an accumulated deficit of $15,497,826 and a net working capital deficit of $210,932. These conditions give rise to a material uncertainty that may cast a significant doubt on the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to obtain additional funding from loans or equity financings provided by the Company's existing shareholders and/or new shareholders or through other arrangements. There is no assurance that the Company will be successful in this regard. These events and conditions indicate a material uncertainty that may cast a significant doubt on the Company's ability to continue as a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

Critical accounting estimates and judgments

In preparing these consolidated financial statements, management has made judgments and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumption are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Significant estimates as at December 31, 2022 related to:
- the value of privately held common shares that the Company utilized in the determining grant date fair values for options and warrants
- the probability weighted fair value of contingent consideration in business combinations
- the incremental rate of borrowing used in estimating the present value of minimum lease payments
- unobservable inputs utilized such as revenue growth rates and discount factors utilized in income-based models used to estimate the fair value of intangibles assets acquired in a business combination
- useful lives for equipment and intangibles assets

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements relate to the following:
- the assessment of the Company's ability to continue as a going concern
- collectability of the Company's accounts receivable
- write-down of assets, liabilities, and debt obligations

Share consolidation

On March 28, 2022, the Company completed a one-for-four share consolidation of all outstanding common shares. On February 1, 2024, the Company completed a one-for-twenty-five share consolidation of all outstanding common shares. Shares reserved under the Company's equity and incentive plans were adjusted to reflect the share consolidation. All share and per share data presented in the Company's consolidated financial statements have been retroactively adjusted to reflect the share consolidation unless otherwise noted.

Change in fiscal year end

On December 27, 2023, the Company changed its financial year end from December 31 to March 31 to better align the timing of the Company's financial reporting obligations with the availability of the Company's service providers.

3. SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate in effect at the year-end date. Foreign currency transactions are translated into the relevant functional currency using the exchange rate prevailing at the date of the transaction. Foreign currency differences are recognized in profit or loss.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the reporting currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the reporting currency at the exchange rates at the dates of the transactions. Foreign currency differences are recognized in other comprehensive loss.

Business combinations

The Company accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Company.

In determining whether a particular set of activities and assets is a business, the Company assesses whether the set of assets and activities acquired is capable of being conducted and managed for the purpose of providing goods or services to customers.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated.

Inventory

Inventory is recorded at the lower of cost and net realizable value (NRV). Cost is determined using the weighted average method and includes all costs of purchases and all other costs incurred in bringing inventories to their present location and condition. Inventory consists of finished goods held for sale. NRV is the estimated selling price in the ordinary course of business, less selling expenses.

The Company determines if the cost of any inventory exceeds its NRV, such as cases where prices have decreased, or inventory has spoiled or has otherwise been damaged. The Company records a write-down to reflect management’s best estimate of the net realizable value of inventory based on the above factors.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment

Recognition and measurement

Items of equipment are initially measured at cost. Items of equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Classes of equipment are classified by significant components, which are individually amortized over the useful life of the component.

Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset or other amount substituted for cost, less its residual value. Depreciation is recognized in profit or loss over the estimated useful lives of each major component of an item of equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Estimates of useful lives and depreciation methods are as follows:

- Computer hardware 5 years straight-line
- Warehouse equipment 5 years straight-line
- Vehicle 5 years straight-line

Intangible assets

Intangible assets with finite lives are measured on initial recognition at cost, which comprises the purchase price plus any directly attributable costs of preparing the asset for intended use. Following initial recognition, such intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets are comprised of website and mobile application development costs and customer relationships. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses. Customer relationships that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. The Company records amortization using the straight-line method over the following estimated useful life:

The estimated useful lives are as follows:

- Website development 3 years
- Customer relationships 5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Goodwill

Goodwill is recorded at the time of purchase for the excess of the amount of the purchase price over the fair values of the identifiable assets acquired and liabilities assumed. Goodwill is not amortized and instead is tested at least annually for impairment, or more frequently when events or changes in circumstances indicate that goodwill might be impaired. This impairment test is performed annually at December 31.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

At inception of a new contract, the Company assesses whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

i. the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.

ii. the Company has the right to obtain substantially all the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.

iii. the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Company recognizes a right-of-use (ROU) asset and a lease liability on the consolidated statement of financial position. The ROU asset is initially recorded at cost, which comprises the initial amount of the lease liability and any initial direct costs incurred less any lease payments made at or before the initial adoption date. The ROU asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for remeasurements of the lease liability. The lease liability is measured at the present value of the expected lease payments over the lease term, discounted at the interest rate implicit in the lease; if the rate cannot be determined, the incremental borrowing rate is used. The Company determines its incremental borrowing rate with reference to interest rates evidenced from external financing sources together with adjustments as appropriate to reflect the terms of the lease and the nature of the asset.

The liability is increased for the passage of time and payments on the lease are offset against the lease liability.

Financial Instruments

Accounts receivable are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

A financial asset other than a trade receivable (without a significant financing component) is initially measured at fair value plus or minus 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. A financial asset is measured at amortized cost if is not designated as at fair value through profit or loss (FVTPL) and meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

The Company derecognizes a financial asset when:
- the contractual rights to the cash flows from the financial asset expire or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred or
  - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred, or liabilities assumed) is recognized in profit or loss.

Impairment

Financial assets

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortized cost. Loss allowances for accounts receivable are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, that includes forward-looking information.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment (continued)

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Revenue

IFRS 15 requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize revenue when (or as) the Company satisfies a performance obligation.

Revenue arises exclusively from sales of plant-based and sustainable goods to customers through online store orders. Revenue from sale of goods to customers are recognized at the point in time when the company transfers control of the goods to the customer and satisfies the performance obligation. Revenue is measured based on the transaction price listed on the e-commerce platforms net of customer discounts and other sales related discounts.

Wholesale revenue from strategic partnerships with customers is recognized when the goods are delivered to the customer’s destination. Payment is due based on a specified time period as permitted by the underlying agreement. Revenue is measured at the agreed upon transaction price based on the underlying arrangement which defines the consideration expected to be received.

The Company’s gift card program allows customers to prepay for future purchases by loading a dollar value onto their gift cards. The gift cards are non-refundable and not redeemable for cash. Outstanding balances on gift cards are included in deferred revenues in the Company’s consolidated statements of financial position.

The Company provides marketing and fulfillment services for which payments are received prior to the satisfaction of performance obligations. Amounts received for performance obligations not satisfied are recorded as deferred revenues.

The Company’s loyalty program allows customers to receive loyalty points which may be redeemed for goods at a future date. The Company allocates a portion of the consideration received to the loyalty points. The amount allocated to the loyalty points is deferred and is recognized as revenue when loyalty points are redeemed or the likelihood of the customer redeeming the loyalty points becomes remote. Amounts allocated to loyalty points are recorded as accrued liabilities. The Company’s loyalty program was discontinued effective August 31, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity in which case, the income tax is also recognized in other comprehensive income or directly in equity, respectively.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. The Company has determined that it is not yet probable that deferred tax assets on the tax losses carried forward and other temporary differences will be realized and has recognized deferred tax assets to the extent of recognized deferred tax liabilities.

Deferred income tax is provided on temporary differences arising on the Company's investment in its subsidiary, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable Company or different taxable entities where there is an intention to settle the balances on a net basis.

Share capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects. The Company adopted a relative value method with respect to the measurement of shares and warrants issued as units in the private placement of Subscription Receipts and Special Warrants (see Note 14 for details).

Share based compensation

Employees (including directors and senior executives) of the Company may receive a portion of their remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The value of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date on which they are granted. The Company is also required to estimate the expected future forfeiture rate of options in its calculation of share-based payments.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share based compensation (continued)

In situations where equity instruments are issued to non-employees for goods or services, the transaction is measured at the fair value of the goods or services received by the Company. When the value of the goods or services cannot be reliably estimated, they are measured at the fair value of the share-based payment.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the holders become fully entitled to the award (vesting date). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is recorded in contributed surplus.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, and related parties may be individuals or corporate entities.

Net income (loss) per share

Basic net income (loss) per share is computed by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted net income (loss) per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on net loss per share. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted net loss per share by the treasury stock method. In a loss period, potentially dilutive stock options and warrants are excluded from the loss per share calculation as the effect is anti-dilutive.

Comprehensive income

Comprehensive income consists of changes to foreign currency translation adjustments of the non-Canadian subsidiaries during the year. Amounts reported as other comprehensive income are accumulated in a separate component of shareholder's equity.

Adoption of new and revised standards and interpretations

At the date of authorization of these consolidated financial statements, the IASB and the IFRIC have issued new and revised Standards and Interpretations, where certain Standards and Interpretations have come into effect during the reporting period and others have not yet come into effect. All recently issued pronouncements that have come into effect did not have a material effect on the consolidated financial statements and the pronouncements not yet effective are not expected to have a material effect on the consolidated financial statements of the Company.

(Expressed in Canadian dollars)

4. ACCOUNTS RECEIVABLE

Accounts receivable consist of:

	March 31, 2024	December 31, 2022
Government remittances receivable	$ 15,081	$ 31,423
	$ 15,081	$ 31,423

Trade receivables are amounts due from customers for onboarding fees and marketing packages. They are generally due for settlement within 30 days and are therefore all classified as current. Write-downs of receivables of $nil were recorded during the fifteen months ended March 31, 2024 and $81,069 for twelve months ended December 31, 2022.

5. SHORT TERM INVESTMENTS

Short term investments are comprised of common shares of PlantX Life Inc. received from the sale of its domain, VeganEssentials.com and certain associated intellectual property and assets of PlantX Life Inc. The common shares are held for trading and are measured at fair value at each reporting date, with changes in fair value recognized in profit or loss. The common shares were sold in March 2023.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of:

	March 31, 2024	December 31, 2022
Trade accounts payable	$ 98,415	$ 1,729,726
Accrued liabilities and other payables	102,280	2,185,127
	$ 200,695	**$ 3,914,853**

7. LOANS AND BORROWINGS

On December 21, 2022, Veji announced that it has filed a Division I proposal (the "Proposal") pursuant to the Bankruptcy and Insolvency Act (Canada) (the "BIA") with G. Moroso & Associates Inc. assigned as proposal trustee (the "Proposal Trustee"), with the intent of settling its outstanding creditor liability. On January 30, 2023, Veji announced that the Company received approval from the Supreme Court of British Columbia (Vernon Registry) for the Proposal.

The Company held a Meeting of Creditors on January 5, 2023, whereby the Proposal was unanimously approved by creditors, who submitted claims, both in the majority and in overall value. The Company has provided any creditors who have not already submitted a claim with 30-day notice (the “Notice Period”) to file their claims, which expired on February 25, 2023.

Following the expiration of the Notice Period, the Company proceeded to issue shares on a pro-rata basis, to settle the Company’s outstanding liabilities with creditors. The issuance of shares will be valued at no more than 100% of the Company’s current market capitalization. Execution of the Proposal and issuance of the shares is subject to approval by the Canadian Securities Exchange (“CSE”).

(Expressed in Canadian dollars)

7. LOANS AND BORROWINGS (continued)

Below is a summary of loans and borrowings of the Company:

	March 31, 2024	December 31, 2022
Short-term debt:		
Working capital loans (i)	$ -	$ 183,115
Unsecured loan (ii)	-	736,104
Revolving grid note (iii)	-	679,426
Due to related party (iv)	26,252	185,674
Third party loan (v)	73,273	-
Current portion of long-term debt	-	2,146,000
Total short-term debt	**$ 99,525**	**$ 3,930,319**
Long-term debt:		
Loan from related party (vi)	-	2,146,000
Less: Current portion of loan from related party	-	(2,146,000)
	$ -	**$ -**

(i) Working capital loans related to short term funding advances from financial institutions, whereby in exchange for funding advances, the Company is required to remit to the financial institutions, periodic payments determined on the basis of a percentage of the Company's collections from customers during the same period (the Remittance Rate between 5% to 20%), such that the total amounts remitted by the Company in excess of the advanced amounts, represent an effective interest rate between 6% to 13%.

The working capital loans are secured against the Company's accounts receivable balances underlying the Remittance Rate requirement, together with any cash balance held by the Company in a designed bank account used by the Company with its platform for customers.

(ii) Represents various amounts advanced by a former director of VEDGEco. The unsecured loan is interest free and repayable on demand.

(iii) The Revolving Grid Note facility was closed with a former related party of VEDGEco, with the total facility amounting to US$500,000, available to VEDGEco in five equal monthly advances starting September 15, 2021, at an interest rate of 10% per annum and maturing on September 14, 2022.

(iv) The Company was advanced amounts totaling $185,674 by a former director and greater than 10% shareholder of the Company with interest at 10% per annum, payable quarterly and repayable on demand.

(v) On July 17, 2023, the Company entered into a non-interest bearing loan agreement for a term of the earlier of one year or the completion of a successful equity financing of $250,000 or more.

(vi) On September 8, 2021, the Company entered into a promissory note with a former director and greater than 10% shareholder of the Company for a loan amounting to $500,000 with interest at 10% per annum, payable quarterly and maturity on December 8, 2022. On July 27, 2022, the Company entered into an agreement with a director to convert advances of $1,646,000 into a senior secured loan with a maturity date of May 24, 2024 and an interest rate of 10% per annum, payable quarterly.

(Expressed in Canadian dollars)

8. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares without par value. As at March 31, 2024, there were 4,042,442 (December 31, 2022 – 1,143,385) common shares issued and outstanding.

Issued

On April 26, 2023, after receiving approval from the Supreme Court of British Columbia (Vernon Registry) for its Division I proposal pursuant to the Bankruptcy and Insolvency Act (Canada), the Company issued 1,029,057 common shares to its creditors to settle outstanding debt in the approximate amount of $4,000,000. In addition, the Company wrote down other debt and liabilities resulting in a gain on derecognition of financial liabilities of $7,521,691.

On February 23, 2024, the Company closed a non-brokered private placement (“Private Placement”) of 1,700,000 common shares at a purchase price of $0.05 per common share for gross proceeds of $85,000. In connection with the Private Placement, the Company issued, as a finder’s fee, 170,000 common shares and 170,00 warrants exercisable at $0.05 for a period of eighteen months from the date of issuance.

9. STOCK OPTION PLAN & WARRANTS AND ADVISOR OPTIONS

An employee stock option plan (the "Stock Option Plan") was established by the Company to attract and retain employees, consultants, officers and directors of the Company. The Stock Option Plan provides for the granting of options to purchase common shares of the Company. Under the Stock Option Plan, stock options generally vest over a period of two years and expire five years from the grant date.

The following table summarizes the continuity of the stock options during the fifteen months ended March 31, 2024 and twelve months ended December 31, 2022:

	March 31, 2024		**December 31, 2022**	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Outstanding, beginning of period	98,750	$ 31.66	111,600	$ 32.04
Granted during period	-	-	-	-
Exercised during period	-	-	-	-
Forfeited during period	-	-	(12,850)	35.00
Outstanding, end of period	**98,750**	**31.66**	**98,750**	**31.66**
Exercisable, end of period	**98,750**	**$ 31.66**	**87,025**	**$ 31.60**

For the fifteen months ended March 31, 2024, an expense of $12,627, and for the twelve months ended December 31, 2022, an expense of $92,679 were recorded in the consolidated statements of loss and comprehensive loss in relation to the Stock Option Plan.

WARRANTS AND ADVISOR OPTIONS

The Company has outstanding share warrants and advisor options. Each warrant and advisor option is convertible into one common share of the Company upon exercise. The following table summarizes warrants and advisor options outstanding and exercisable:

(Expressed in Canadian dollars)

9. STOCK OPTION PLAN & WARRANTS AND ADVISOR OPTIONS (continued)

Date of issuance	Date of expiry	Exercise price	March 31, 2024 outstanding and exercisable	December 31, 2022 outstanding and exercisable
September 2, 2020	September 2, 2025	$ 15.00 (a)	200,000	200,000
September 11, 2020	September 11, 2025	$ 25.00 (a)	100,000	100,000
July 6, 2021	July 6, 2023	$ 35.00	-	6,220
November 1, 2021	November 1, 2023	$ 50.00	-	61,054
February 23, 2024	August 23, 2025	$ 0.05	170,000	-
			470,000	367,274

(a) The exercise price of the warrants issued on September 2, 2020 increased to $15.00 from $0.10 and the exercise price of the warrants issued September 11, 2020 increased to $50.00 from $1.00 (collectively these warrants are referred to as the “2020 warrants”) upon the Company listing on a public stock exchange. Given the repricing terms of these 2020 warrants and the embedded derivative thereof, the Company estimated the fair value of these warrants (classified as financial liabilities at FVTPL) at grant date and at December 31, 2020 to be $nil. At the point of completing a listing in November 2021, the Company remeasured the fair value of these warrants to be $3,117,856 which was recorded as a loss on remeasurement of warrant liability within the consolidated statements of loss and comprehensive loss. Pursuant to the repricing adjustment, the Company determined that the 2020 warrants met the criteria for classification as equity instruments and accordingly, at December 31, 2021 $3,117,856 has been reclassified within contributed surplus. The fair value of the 2020 warrants was remeasured using the Black-Scholes Option Pricing model, with the following estimated inputs: risk free rate of interest of 1.36%, expected volatility of 54.11% and expected life of 4 years

(b) The weighted average exercise price of warrants and advisor options outstanding at the end of the period March 31, 2024 and December 31, 2022 was $11.72 and $23.88, respectively.

10. REVENUE

Revenue arises from the sales of goods to customers through online store orders on the Company’s marketplaces. As of July 2021, the Company began offering optional marketing services to third party marketplace vendors. These services include targeted ads, social media marketing, influencer marketing and product features on our website.

Services revenue from strategic partnerships with customers are recognized as the service milestones are performed and is measured at the agreed upon transaction price based on the underlying arrangement which defines the consideration expected to be received.

The following table summarizes revenue disaggregated by Marketplace revenue and Services revenue for the periods presented:

	March 31, 2024	December 31, 2022
Major service lines revenue		
Marketplace	$ -	$ 3,218,176
Marketing services	-	116,741
	$ -	**$ 3,334,917**

(Expressed in Canadian dollars)

11. SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses are comprised of the following:

	March 31, 2024	December 31, 2022
Marketing and advertising	$ 2,400	$ 186,214
Freight, packaging and warehousing	-	1,449,201
Contract services	-	64,630
Other	-	103,156
	$ 2,400	**$ 1,803,201**

12. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses are comprised of the following:

	March 31, 2024	December 31, 2022
Compensation and contract services	$ 10,250	$ 1,779,375
Professional services	241,939	1,422,958
Share based compensation	12,627	92,679
Software and IT expenses	13,104	197,849
Insurance	-	101,372
Licenses, dues and subscriptions	15,771	39,308
Supplies	-	567
Rent and lease	-	74,157
Depreciation and amortization	-	283,131
Legal settlement	-	50,000
Bad debt expense	-	81,069
Lease termination expense	-	36,306
Other	19,029	249,737
	$ 312,719	**$ 4,408,507**

13. BASIC AND DILUTED INCOME (LOSS) PER SHARE

The calculation of basic and diluted net income (loss) per share for the fifteen months ended March 31, 2024 and twelve months ended December 31, 2022 was based on the income (loss) attributable to common shareholders of $6,998,080 and ($9,824,549) and the basic and diluted weighted average number of common shares outstanding of 2,064,654 and 1,143,385, resepctively.

(Expressed in Canadian dollars)

14. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties and related party transactions are summarized below and include transactions with the following individuals or entities:

Key management compensation

Key management personnel, including companies controlled by them, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key executives is determined by the compensation committee. Remuneration attributed to key management personnel is summarized as follows for the periods ended:

	March 31, 2024	December 31, 2022
Management wages	$ -	$ 354,765
Consulting fees	65,000	-
Share based compensation	10,152	63,043
	$ 75,152	**$ 417,808**

As at March 31, 2024, the Company owed Kory Zelickson, a greater than 10% shareholder and former Chief Executive Officer and former director a total of $26,252 (2022 – $2,464,552) for funds and loans advanced by Mr. Zelickson.

15. INCOME TAX

The Company operates in Canada and the United States and is subject to statutory income tax rates of 27%. The income tax provision differs from the amounts that would be obtained by applying the Canadian statutory income tax rate to net income (loss) before taxes as follows:

	March 31, 2024	December 31, 2022
Canada statutory income tax rate	27.00%	27.00%
Accounting income (loss) before income taxes	$ 6,998,080	$ (9,824,549)
Expected income tax (recovery) at statutory rates	1,889,482	(2,652,628)
Non-deductible expenditures	3,521	1,213,783
Other	(2,030,856)	-
Change in deferred tax assets not recognized	137,854	1,438,845
Income tax expense (recovery)	$ -	$ -

(Expressed in Canadian dollars)

15. INCOME TAX (continued)

The Company did not recognize the deferred tax assets related to the following deductible temporary differences:

	March 31, 2024	December 31, 2022
Non-capital losses	$8,138,937	$ 17,512,986
Non-capital losses acquired	-	-
Property and equipment	-	-
Share issuance costs	276,948	401,783
Balance	$ 8,415,885	$ 17,914,769

At March 31, 2024, the Company has non-capital losses of approximately $8,138,837 (2022 - $17,512,986) which may be carried forward and applied against future income for Canadian and United States income tax purposes, subject to final determination by tax authorities, expiring in the following years:

Year of Expiry	Amount
2039	$ -
2040	-
2041	1,774,078
2042	5,363,115
2042	1,001,744
Total	$ 8,138,937

16. CAPITAL MANAGEMENT

The Company's objectives in managing its capital are as follows:

- To safeguard its ability to continue as a going concern (note 2); and
- To have sufficient capital to be able to meet its strategic objectives.

The Company's primary source of capital is derived from debt and equity issuances. Capital consists of equity attributable to common shareholders.

The Company has no externally imposed capital requirements and manages its capital structure in accordance with its strategic objectives and changes in economic conditions. In order to maintain or adjust its capital structure, the Company may issue new shares in the form of private placements and/or secondary public offerings. There has been no change in the Company's approach to capital management during the period ended March 31, 2024.

17. FINANCIAL INSTRUMENTS

Carrying value and fair value

The Company's financial instruments comprise cash, short term investments, accounts receivable, amounts due from related party, loans and borrowings, accounts payable and accrued liabilities and amounts due to related parties.

Financial instruments recognized at fair value on the consolidated statement of financial position are classified in fair value hierarchy levels as follows:

- Level 1: Valuation based on unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques based on inputs other than Level 1 quoted prices that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices)
- Level 3: Valuation techniques with unobservable market inputs (involves assumptions and estimates by management).

Cash, accounts receivable and amounts due from related party are recorded at amortized cost.

Short-term investments are recorded at market value.

Accounts payable and accrued liabilities and amounts due to related parties are classified as other financial liabilities and are recorded at amortized cost.

Fair value

The carrying amounts of cash, accounts receivable, amounts due from and due to related parties, loans and borrowings, accounts payable and accrued liabilities do not materially differ from their fair values given their short-term period to maturity.

18. RISK MANAGEMENT AND LIQUIDITY

The Company's activities expose it to a variety of financial risks, including foreign exchange risk, credit risk and interest rate risk.

Credit risk

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. Financial instruments that potentially subject the Company to credit risk consist of cash. The carrying amount of the Company's financial assets represents the Company's maximum exposure to credit risk. The Company manages credit risk by placing cash and short-term investments with major Canadian financial institutions. The Company manages credit risk of its accounts receivable by only extending credit to creditworthy customers. Management believes the current credit risk is low.

Foreign Exchange Risk

The Company operates in Canada and the United States and therefore, currently, has limited exposure to foreign exchange risk arising from transactions denominated in foreign currencies. Other than Canadian dollar balances, the Company holds balances in cash, accounts receivable and due to related parties and accounts payable that are denominated in US dollars as outlined below. Accordingly, the Company is subject to foreign exchange risk relating to such balances in connection with fluctuations against the Canadian dollar. The Company has no program in place for hedging foreign currency risk.

18. RISK MANAGEMENT AND LIQUIDITY (continued)

The Company held the following foreign currency denominated balances as at March 31, 2024 and December 31, 2022:

	March 31, 2024	December 31, 2022
Cash (US $)	$ -	$ 1,520
Accounts receivable (US $)	-	-
Due to related parties (US $)	-	-
Accounts payable and accrued liabilities (US $)	-	(1,838,692)
Lease obligation (US $)	-	-
Loans and borrowings (US $)	-	(1,598,646)
Total (US $)	$ -	$ (3,435,818)
Foreign exchange rate	1.35	1.30
Equivalent in Canadian dollars	$ -	$ (4,471,030)

Based on the balances held as at March 31, 2024, a 10% appreciation of the Canadian dollar relative to the US dollar would have resulted in a decrease in the net income for the period ended of $nil (2020 – decrease in net loss of $447,103).

Interest Rate Risk

Interest rate risk is the risk that cash flows will fluctuate due to changes in market interest rates. While the Company's financial assets are generally not exposed to significant interest rate risk because of their short-term nature, changes in interest rates will have a corresponding impact on interest income realized on such assets.

The Company's financial liabilities are not exposed to significant interest rate risk because they are either non-interest bearing or carry a fixed interest rate. Changes in interest rates will not have a corresponding impact on interest expense incurred on such liabilities.

Liquidity Risk

Liquidity risk arises from the Company's general and capital financing needs. The Company continuously monitors and reviews both actual and forecasted cash flows and matches the maturity profile of financial assets and liabilities, when feasible.

19. SUBSEQUENT EVENTS

On April 4, 2024, the Company announced the resignation of Kory Zelickson, from his positions as a director and CEO of the Company, and Dharamvir Gill, from his positions as a director, COO, President and Secretary of the Company. The Company appointed Stephen Wall as the CEO of the Company and Ryan Hounjet as Chair of the audit committee.

On April 5, 2024, the Company settled an aggregate of $112,500 in debt (the “Debt”) through the issuance of 1,874,998 common shares of the Company at a price of $0.06 per share. All securities issued in connection with the Debt Settlement are subject to a statutory hold period of four months and one day from the date of issuance. $65,000 of the Debt was held by companies wholly-owned by Amar Purewal and Ryan Hounjet, who are both directors of the Company.

On May 2, 2024, the Company settled a debt of $73,273 owing to a creditor through the issuance of 1,332,220 common shares at a price of $0.055 per common share.