NEPRA FOODS INC.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2023 AND DECEMBER 31, 2022
(EXPRESSED IN CANADIAN DOLLARS)

NOTICE OF NO AUDIT OR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed consolidated interim financial statements have been prepared by and are the responsibility of management. The Corporation's independent auditor has not performed a review of these condensed consolidated interim financial statements.

NEPRA FOODS INC.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	Notes		December 31, 2023		March 31, 2023
ASSETS					
Current assets					
Cash		$	61,518	$	15,064
Restricted cash			1,886		74,467
Accounts receivable	**5**		554,898		372,079
Prepaid expenses and deposits	**6**		396,715		520,692
Inventory	**7**		906,393		1,988,403
Due from related party	**15**		9,018		9,225
			1,930,428		2,979,930
Property and equipment	**8**		216,511		258,386
Right-of-use assets	**10**		2,383,366		2,986,728
Prepaid expenses and deposits	**6, 10**		74,779		69,256
Total assets		**$**	**4,605,084**	**$**	**6,294,300**
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)					
Current liabilities					
Accounts payable and accrued liabilities	**12, 15**	$	1,804,673	$	1,620,697
Loans payable – current portion	**13**		381,731		164,771
Lease liabilities – current portion	**11**		860,656		421,014
Deferred revenue			2,490		5,539
			3,049,550		2,212,021
Lease liabilities	**11**		2,527,355		3,081,796
Loans payable	**13, 15**		763,961		593,735
Total liabilities			**6,340,866**		**5,887,552**
Shareholders' equity (deficiency)					
Share capital	**14**		14,930,982		14,328,553
Obligation to issue shares	**14**		203,250		-
Reserves	**14**		1,560,108		1,560,108
Equity portion of loans payable	**13, 15**		524,898		449,741
Accumulated other comprehensive income			207,484		191,327
Deficit			(19,162,504)		(16,122,981)
Total shareholders' equity (deficiency)			**(1,735,782)**		**406,748**
Total liabilities and shareholders' equity (deficiency)		**$**	**4,605,084**	**$**	**6,294,300**

Nature of operations and going concern (Note 1)
Subsequent events (Note 21)

Approved on behalf of the Board

"David Wood" Director *"Chadwick White"* Director

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

NEPRA FOODS INC.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the Three and Nine Months Ended December 31, 2023 and December 31, 2022
(Expressed in Canadian Dollars)
(Unaudited)

		For the nine months ended December 31,		For the three months ended December 31,	
	Notes	**2023**	**2022**	**2023**	**2022**
Revenue					
Sales		$ 3,391,852	$ 4,411,494	$ 1,158,107	$ 1,238,513
Consulting		14,354	36,405	-	15,267
		3,406,206	4,447,899	1,158,107	1,253,780
Cost of sales	**7, 8, 10**	3,105,850	3,732,810	1,107,567	1,129,049
Gross profit		**$ 300,356**	**$ 715,089**	**$ 50,540**	**$ 124,731**
Expenses					
Accretion	**13, 15**	97,955	1,247	25,658	431
Amortization	**8, 9, 10**	199,175	231,495	67,605	77,170
Bad debt		24,996	17,018	121	247
Consulting		8,799	200,683	5,179	63,531
Finance costs	**11, 13**	518,313	376,997	172,683	129,986
General and administrative	**16**	596,761	1,760,518	191,514	335,048
Professional fees	**15**	347,423	370,259	169,605	51,219
Research and development		150,228	74,887	95,872	14,384
Salaries and benefits	**15**	1,257,882	1,953,751	365,166	562,161
Share-based payments	**14, 15**	-	207,657	-	22,831
Travel		99,574	80,030	37,735	25,716
		3,301,106	5,274,542	1,131,138	1,282,724
Net loss before other items		**$ (3,000,750)**	**$ (4,559,453)**	**$ (1,080,598)**	**$ (1,157,993)**
Other items					
Foreign exchange		(2,501)	3,198	(1,632)	(508)
Interest income	**10**	11,149	9,952	4,912	3,204
Other income		53,112	-	53,112	-
Loss on lease modification	**10**	(100,533)	-	-	-
Gain on equipment disposal	**8**	-	3,085	-	-
Net loss		**$ (3,039,523)**	**$ (4,543,218)**	**$ (1,024,206)**	**$ (1,155,297)**
Other comprehensive income (loss)					
Items that may be reclassified to profit or loss					
Exchange difference on translation of functional to presentation currencies		16,157	297,787	27,209	(35,371)
Comprehensive loss		**$ (3,023,366)**	**$ (4,245,431)**	**$ (996,997)**	**$ (1,190,668)**
Loss per share, basic and diluted		$ (0.05)	$ (0.09)	$ (0.02)	$ (0.02)
Weighted average number of shares outstanding, basic and diluted		56,226,396	47,965,813	64,256,938	49,753,566

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

NEPRA FOODS INC.
Condensed Consolidated Interim Statements of Cash Flows
For the Nine Months Ended December 31, 2023 and December 31, 2022
(Expressed in Canadian Dollars)
(Unaudited)

		December 31, 2023		December 31, 2022
Operating activities				
Net loss	$	(3,039,523)	$	(4,543,218)
Adjustments for non-cash items				
Amortization		494,305		623,497
Bad debt		24,996		17,018
Share-based payments		-		207,657
Accretion		97,955		1,247
Interest		440,287		28,743
Loss on lease modification		100,533		-
Inventory write-off		67,876		13,124
Gain on equipment disposal		-		(3,085)
Changes in non-cash working capital items:				
Accounts receivable		(218,686)		379,867
Prepaid expenses and deposits		115,185		254,354
Inventory		986,787		202,645
Accounts payable and accrued liabilities		166,050		(309,196)
Deferred revenue		(2,982)		(34,453)
Net cash used in operating activities		**(767,217)**		**(3,161,800)**
Investing activities				
Purchase of equipment		(4,473)		(136,971)
Deposit paid		(2,529)		-
Equipment returned		-		41,417
Deferred acquisition cost refund		-		20,134
Net cash used in investing activities		**(7,002)**		**(75,420)**
Financing activities				
Prospectus offering costs		-		(3,843)
Share issuance		602,429		-
Proceeds from shares not yet issued		203,250		-
Repayment of lease liability		(423,303)		(480,226)
Loan borrowings		704,031		618,390
Loan repayments		(331,984)		(675,322)
Net cash provided by (used in) financing activities		**754,423**		**(541,001)**
Net decrease in cash		**(19,796)**		**(3,778,221)**
Effect of change in foreign exchange rates on cash		**(6,331)**		**128,197**
Cash, beginning		**89,531**		**3,898,255**
Cash, ending	**$**	**63,404**	**$**	**248,231**

Cash	**$**	**61,518**	**$**	**173,711**
Restricted cash		**1,886**		**74,520**
Cash, ending	**$**	**63,404**	**$**	**248,231**

Supplemental Disclosure with Respect to Cash Flows (Note 17)

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

NEPRA FOODS INC.
Condensed Consolidated Interim Statements of Changes in Shareholders’ Equity (Deficiency)
For the Nine Months Ended December 31, 2023 and December 31, 2022
(Expressed in Canadian Dollars)
(Unaudited)

	Share Capital								
	Common shares	**Class A shares**	**Amount**	**Obligation to issue shares**	**Reserves**	**Equity portion of loans payable**	**Accumulated other comprehensive income (loss)**	**Deficit**	**Total shareholders’ equity (deficiency)**
Balance, March 31, 2022	**46,641,376**	**273,468**	**$ 14,137,325**	**$ -**	**$ 1,498,402**	**$ -**	**$ (87,970)**	**$ (9,473,806)**	**$ 6,073,951**
Prospectus offering costs	-	-	(3,843)	-	-	-	-	-	(3,843)
Conversion of restricted share units	252,500	-	175,037	-	(175,037)	-	-	-	-
Conversion of Class A shares	4,937,873	(49,379)	-	-	-	-	-	-	-
Share-based payments – Options	-	-	-	-	236,401	-	-	-	236,401
Share-based payments – RSU’s	-	-	-	-	(28,744)	-	-	-	(28,744)
Currency translation adjustment	-	-	-	-	-	-	297,787	-	297,787
Net loss				-				(4,543,218)	(4,543,218)
Balance, December 31, 2022	**51,831,749**	**224,089**	**$ 14,308,519**	**$ -**	**$ 1,531,022**	**$ -**	**$ 209,817**	**$ (14,017,024)**	**$ 2,032,334**
Balance, March 31, 2023	**51,831,749**	**224,089**	**$ 14,328,553**	**$ -**	**$ 1,560,108**	**$ 449,741**	**$ 191,327**	**$ (16,122,981)**	**$ 406,748**
Share issuance	12,201,100	-	602,429	-	-	-	-	-	602,429
Obligation to issue shares	-	-	-	203,250	-	-	-	-	203,250
Equity portion of loans payable	-	-	-	-	-	75,157	-	-	75,157
Currency translation adjustment	-	-	-	-	-	-	16,157	-	16,157
Net loss	-	-	-	-	-	-	-	(3,039,523)	(3,039,523)
Balance, December 31, 2023	**64,032,849**	**224,089**	**$ 14,930,982**	**$ 203,250**	**$ 1,560,108**	**$ 524,898**	**$ 207,484**	**$ (19,162,504)**	**$ (1,735,782)**

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

1. Nature of Operations and Going Concern

Nepra Foods Inc. (“Nepra” or the “Company”) was incorporated on November 27, 2020 under the provisions of the British Columbia Business Corporations Act. The Company operates as a vertically integrated healthy plant-based food and speciality ingredient company supporting allergen free and functional food brands. The Company’s head office is located at 7025 S. Revere Parkway, Unit 100, Centennial, Colorado, USA 80112. The Company’s registered and records office is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7. The Company’s common shares are listed for trading on the Canadian Securities Exchange (“CSE”) under the symbol “NPRA”. On December 14, 2022, the Company announced a change in its financial year end from December 31 to March 31.

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. During the nine months ended December 31, 2023, the Company incurred a net loss of $3,039,523, and as at December 31, 2023, had an accumulated deficit of $19,162,504. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company’s ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to raise financing and generate profits and positive cash flows from operations in order to cover its operating costs. From time to time, the Company generates working capital to fund its operations by raising additional capital through equity or debt financing. However, there is no assurance that the Company will be able to continue to raise capital in the future. These condensed consolidated interim financial statements do not give effect to any adjustments required for the Company to realize its assets and discharge its liabilities in other than its normal course of business and at amounts different from those reflected in the accompanying condensed consolidated interim financial statements. Such adjustments could be material.

2. Basis of Presentation

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”). As such, they must be read in conjunction with the annual audited consolidated financial statements for the fifteen months ended March 31, 2023 and the notes thereto. However, selected notes are included in these interim statements that are significant to understanding the Company’s financial position and performance since the release of the previous annual consolidated financial statements for the fifteen months ended March 31, 2023.

These condensed consolidated interim financial statements were approved and authorized for issuance on April 29, 2024, by the Directors of the Company.

Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of consolidation

These condensed consolidated interim financial statements incorporate the accounts of the Company and its controlled subsidiaries from the date of acquisition. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Company's wholly owned material subsidiaries include Nepra Foods, Ltd., incorporated on August 15, 2019 and Gluten Free Baking Solutions, LLC ("GFBS"), incorporated on August 10, 2016. All intercompany balances and transactions are eliminated on consolidation.

Comparative figures

Certain comparative figures have been reclassified to conform with the changes in presentation for the current year to reflect the nature of the costs more accurately. The details of the reclassifications are summarized below:

Presented in the December 31, 2022 condensed consolidated interim financial statements as:	Balance in the December 31, 2022 condensed consolidated interim financial statements		Presented in the December 31, 2023 condensed consolidated interim financial statements comparative figures as:
	Three months	Nine months	
Cost of sales	$20,869	$87,956	General and administrative
General and administrative	$26,004	$15,277	Salaries and benefits
Amortization	$130,042	$377,241	Cost of sales

Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars, unless otherwise specified. The functional currency of the Company is the Canadian dollar and the functional currency of its wholly-owned subsidiaries is the US dollar.

3. Significant Accounting Policies

The significant accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with the accounting policies disclosed in Note 3 of the audited financial statements for the fifteen months ended March 31, 2023. These condensed consolidated interim statements should be read in conjunction with the Company's audited financial statements for the fifteen months ended March 31, 2023.

Accounting standards issued but not yet effective

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed consolidated interim financial statements.

(Expressed in Canadian Dollars)

4. Critical Accounting Estimates and Judgments

In preparing these condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. Management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. In preparing these condensed consolidated interim financial statements, the significant estimates and critical judgments were the same as those applied to the audited financial statements, except for those summarized below, for the fifteen months ended March 31, 2023.

Modification versus extinguishment of financial liabilities

Judgment is required in applying IFRS 9 *Financial Instruments* to determine whether the amended terms of the loan agreements are a substantial modification of an existing financial liability and whether it should be accounted for as an extinguishment of the original financial liability.

5. Accounts Receivable

Accounts receivable is composed of the following amounts:

		December 31, 2023		March 31, 2023
Trade receivables	$	522,672	$	331,831
Expected credit losses		(24,512)		-
Sales tax receivable		56,738		40,248
	$	**554,898**	**$**	**372,079**

Sales tax receivable represents input tax credits arising from sales tax levied on the supply of goods purchased or services received in Canada.

6. Prepaid Expenses and Deposits

Current prepaids and deposits are composed of the following amounts:

		December 31, 2023		March 31, 2023
Deposit on inventory	$	365,803	$	467,644
Insurance		-		35,706
Other		30,912		17,342
	$	**396,715**	**$**	**520,692**

Non-current prepaids and deposits are composed of the following amounts:

		December 31, 2023		March 31, 2023
Deposit on lease (Note 10)	$	72,953	$	69,256
Other		1,826		-
	$	**74,779**	**$**	**69,256**

(Expressed in Canadian Dollars)

7. Inventory

Inventory consists primarily of raw materials and finished goods.

		December 31, 2023		March 31, 2023
Raw materials	$	131,864	$	78,419
Work-in-progress		22,866		-
Finished goods		751,663		1,909,984
	$	**906,393**	**$**	**1,988,403**

During the three and nine months ended December 31, 2023, the Company sold inventory with a value of $1,039,691 and $3,037,974, respectively (three and nine months ended December 31, 2022 - $1,115,925 and $3,719,686, respectively).

During the three and nine months ended December 31, 2023, the Company incurred inventory write-offs of $67,876 (three and nine months ended December 31, 2022 - $13,124).

8. Property and Equipment

		Furniture and equipment		Production equipment		Leasehold improvements		Computer equipment		Total
Cost										
Balance, December 31, 2021	**$**	**171,905**	**$**	**211,139**	**$**	**54,820**	**$**	**53,428**	**$**	**491,292**
Additions		4,833		132,160		87,570		3,171		227,734
Equipment returned		(75,279)		(19,359)		-		-		(94,638)
Foreign exchange adjustment		9,041		17,402		6,360		3,602		36,405
Balance, March 31, 2023	**$**	**110,500**	**$**	**341,342**	**$**	**148,750**	**$**	**60,201**	**$**	**660,793**
Additions		-		8,292		-		-		8,292
Foreign exchange adjustment		(2,479)		(7,815)		-		(1,350)		(11,644)
Balance, December 31, 2023	**$**	**108,021**	**$**	**341,819**	**$**	**148,750**	**$**	**58,851**	**$**	**657,441**
Accumulated Amortization and Impairment										
Balance, December 31, 2021	**$**	**14,491**	**$**	**22,024**	**$**	**4,923**	**$**	**2,332**	**$**	**43,770**
Impairment		23,695		77,260		116,563		12,497		230,015
Amortization		28,412		53,140		22,546		14,272		118,370
Equipment returned		(3,514)		-		-		-		(3,514)
Foreign exchange adjustment		2,485		5,564		4,718		999		13,766
Balance, March 31, 2023	**$**	**65,569**	**$**	**157,988**	**$**	**148,750**	**$**	**30,100**	**$**	**402,407**
Amortization		9,728		28,183		-		7,074		44,985
Foreign exchange adjustment		(1,659)		(3,992)		-		(811)		(6,462)
Balance, December 31, 2023	**$**	**73,638**	**$**	**182,179**	**$**	**148,750**	**$**	**36,363**	**$**	**440,930**
Net Book Value										
At March 31, 2023	**$**	**44,931**	**$**	**183,354**	**$**	**-**	**$**	**30,101**	**$**	**258,386**
At December 31, 2023	**$**	**34,383**	**$**	**159,640**	**$**	**-**	**$**	**22,488**	**$**	**216,511**

(Expressed in Canadian Dollars)

During the twelve months ended December 31, 2021, the Company purchased various production and manufacturing equipment with a cost of $94,638. During the fifteen months ended March 31, 2023, the Company returned and leased this same equipment (Note 10).

During the fifteen months ended March 31, 2023, the Company identified indicators of impairment and accordingly recorded impairment of $230,015. The recoverable value of leasehold improvements was determined to be $nil. The recoverable value of furniture and equipment, production equipment and computer equipment were estimated using market values in accordance with Level 3 of the fair value hierarchy.

Amortization of equipment used in production is allocated to the cost of inventory and cost of sales. For the three and nine months ended December 31, 2023, amortization of $20,615 and $34,370 was allocated to cost of sales, respectively (for the three and nine months ended December 31, 2022 - $11,538 and $32,198, respectively). As at December 31, 2023, amortization of $173 was included in inventory (March 31, 2023 - $2,018).

9. Intangible Assets

		Trademark		Software		Total
Balance, December 31, 2020	**$**	**-**	**$**	**-**	**$**	**-**
Additions		11,275		9,154		20,429
Foreign exchange adjustment		146		118		264
Balance, December 31, 2021	**$**	**11,421**	**$**	**9,272**	**$**	**20,693**
Impairment		(10,814)		(5,587)		(16,401)
Amortization		(983)		(3,990)		(4,973)
Foreign exchange adjustment		376		305		681
Balance, March 31, 2023 and December 31, 2023	**$**	**-**	**$**	**-**	**$**	**-**

During the fifteen months ended March 31, 2023, the Company identified indicators of impairment and accordingly recorded impairment of $16,401. The recoverable value of the intangible assets was determined to be $nil in accordance with Level 3 of the fair value hierarchy.

10. Right-of-use Assets

Equipment

On October 16, 2017, the Company entered into an equipment lease agreement with a company controlled by the current COO (former CEO), Director of the Company, interim CFO and interim Corporate Secretary. The lease term commenced November 1, 2017 and ended on October 1, 2022. The Company paid a monthly rental fee of USD$1,044 (CAD$1,413) throughout the term of the lease (Note 15).

During the fifteen months ended March 31, 2023, the Company began leasing various production and manufacturing equipment. Prior to March 31, 2023, interim rent was incurred and paid on a monthly basis. These interim rent amounts were fully expensed in a total amount of USD$596,067 (CAD$781,746) during the fifteen months ended March 31, 2023. On March 31, 2023, the Company and lessor committed to the principal terms and conditions of the lease.

(Expressed in Canadian Dollars)

Under the lease agreement, the Company committed to paying a monthly rental fee of USD$3,700 (CAD$4,853) for four consecutive months beginning April 1, 2023 and thereafter paying a monthly fee of USD$38,756 (CAD$50,828) ending July 1, 2025.

During the three and nine months ended December 31, 2023, the Company returned certain production and manufacturing equipment and recognized a loss on lease modification of $nil and $100,533, respectively (three and nine months ended December 31, 2022 - $nil).

Building

During the twelve months ended December 31, 2020, the Company entered into a lease agreement for a building which includes annual step-up payments, commenced on January 1, 2021 and expires on June 30, 2031. In connection with this lease agreement, the Company paid a security deposit of USD$116,409 (CAD$148,340) in December 2020. The deposit was to be repaid to the Company at various milestone dates over the lease period so long as the Company remained in good terms with regard to all provisions of the lease agreement. On the commencement date of the lease, the deposit was discounted, using an incremental borrowing rate of 10% per annum, to reflect the long-term nature of the deposit. The amount of this discount was included in the cost of the right-of-use asset associated with the leased building.

During the fifteen months ended March 31, 2023, repayments of the deposit to the Company did not occur as the Company fell behind on the lease payments required under the lease agreement. During the fifteen months ended March 31, 2023, the deposit was revalued to reflect the fact that repayment of the security deposit will not occur until the completion of the lease. This revaluation resulted in an adjustment to the fair value of the deposit of USD$43,678 (CAD$57,283) which was charged to net and comprehensive loss. A reconciliation of the long-term deposit is as follows:

At December 31, 2021	**$**	**107,591**
Adjustment to fair value resulting from non-repayment		(57,283)
Interest income		7,713
Foreign exchange adjustment		11,235
At March 31, 2023	**$**	**69,256**
Interest income		5,354
Foreign exchange adjustment		(1,657)
At December 31, 2023	**$**	**72,953**

The Company's right-of-use assets consists of a leases for equipment and a lease for a building.

Right-of-use assets		**Equipment**		**Building**		**Total**
At December 31, 2021	**$**	**10,398**	**$**	**2,289,233**	**$**	**2,299,631**
Additions		841,822		-		841,822
Amortization expense		(10,740)		(311,126)		(321,866)
Foreign exchange adjustment		26,940		140,201		167,141
At March 31, 2023	**$**	**868,420**	**$**	**2,118,308**	**$**	**2,986,728**
Disposal		(100,533)		-		(100,533)
Amortization expense		(254,029)		(191,969)		(445,998)
Foreign exchange adjustment		(13,034)		(43,797)		(56,831)
At December 31, 2023	**$**	**500,824**	**$**	**1,882,542**	**$**	**2,383,366**

(Expressed in Canadian Dollars)

A portion of the amortization of the equipment and building right-of-use assets are allocated to inventory and cost of sales. For the three and nine months ended December 31, 2023, amortization of $84,872 and $260,760 was allocated to cost of sales, respectively (for the three and nine months ended December 31, 2022 - $131,293 and $359,601, respectively). As at December 31, 2023, amortization of $581 was included in inventory (March 31, 2023 - $2,058).

11. Lease Liabilities

The lease liability associated with the equipment lease which commenced on October 16, 2017 has been calculated using an incremental borrowing rate of 10% per annum. The lease liability associated with the lease agreement for various pieces of production and manufacturing equipment, the principal terms and conditions of which were committed to by the Company and lessor on March 31, 2023, has been calculated using a rate of 30% per annum. The lease liability associated with the building has been calculated using an incremental borrowing rate of 10% per annum.

The Company's lease liability related to the equipment and the building is as follows:

Lease liability		**December 31, 2023**		**March 31, 2023**
Current portion	$	860,656	$	421,014
Long-term portion		2,527,355		3,081,796
Total lease liability	**$**	**3,388,011**	**$**	**3,502,810**

Changes in lease liabilities are due to the following:

		Equipment		**Building**		**Total**
At December 31, 2021	**$**	**12,668**	**$**	**2,569,925**	**$**	**2,582,593**
Additions		841,822		-		841,822
Interest		607		322,389		322,996
Payments		(13,692)		(423,166)		(436,858)
Foreign exchange adjustment		27,015		165,242		192,257
At March 31, 2023	**$**	**868,420**	**$**	**2,634,390**	**$**	**3,502,810**
Interest		198,557		187,796		386,353
Payments		(44,912)		(378,391)		(423,303)
Foreign exchange adjustment		(22,451)		(55,398)		(77,849)
At December 31, 2023	**$**	**999,614**	**$**	**2,388,397**	**$**	**3,388,011**

The Company is committed to minimum lease payments as follows:

Maturity analysis		**December 31, 2023**		**March 31,2023**
Less than one year	$	1,263,866	$	925,707
One year to five years		2,155,485		2,636,698
More than five years		1,237,606		1,626,034
Total undiscounted lease liabilities		4,656,957		5,188,439
Less: unearned interest		(1,268,946)		(1,685,629)
Total lease liability	**$**	**3,388,011**	**$**	**3,502,810**

(Expressed in Canadian Dollars)

12. Accounts Payables and Accrued Liabilities

		December 31, 2023		March 31, 2023
Trade payables	$	1,210,908	$	1,120,578
Accrued liabilities		593,765		500,119
	$	**1,804,673**	**$**	**1,620,697**

13. Loans Payable

a) On May 16, 2020 (the "date of advance"), GFBS received a loan for gross proceeds of USD$150,000 (CAD$210,330) from the U.S. Small Business Administration under the Economic Injury Disaster Loan program. The loan bears annual interest at a rate of 3.75%. Monthly repayments of USD$731 (CAD$989) commenced 12 months from the date of advance and are applied first to interest and then to the loan principal. The loan matures 30 years from the date of advance. As this loan was granted at an interest rate below the market rate of interest, this loan is treated as a government grant. The loan was recognized at fair value using the Company's estimated incremental borrowing rate of 10%. Effective March 17, 2021, the loan was amended to defer repayments by an additional 12 months.

As at December 31, 2023, accrued interest of USD$20,156 (CAD$26,659) (March 31, 2023 - USD$15,938 (CAD$21,563)) is recorded in accounts payable and accrued liabilities. The Company has not made the required monthly payments and is considered to be in default. The entire loan is classified as current. The loan is secured by all tangible and intangible property of GFBS as at the agreement date and any property acquired by GFBS after the agreement date.

The balance outstanding at December 31, 2023 is as follows:

Balance, December 31, 2021	**$**	**139,865**
Accretion expense		2,077
Foreign exchange adjustment		5,802
Balance, March 31, 2023	**$**	**147,744**
Accretion expense		1,297
Foreign exchange adjustment		(3,340)
Total loan balance, December 31, 2023		**145,701**
Less: current portion		(145,701)
Non-current balance, December 31, 2023	**$**	**-**

b) On September 15, 2020, the Company, through its subsidiary, GFBS, entered into a financing agreement for equipment purchased for USD$49,187 (CAD$62,679). The loan commenced on September 15, 2020, has an effective interest rate of 9.91%, and matures on August 15, 2024. The Company is required to make monthly payments of USD$1,215 (CAD$1,644) and the balance of the loan is due on maturity.

(Expressed in Canadian Dollars)

The balance outstanding at December 31, 2023 is as follows:

Balance, December 31, 2021	**$**	**44,878**
Loan repayments		(25,148)
Interest		4,586
Foreign exchange adjustment		2,292
Balance, March 31, 2023	**$**	**26,608**
Loan repayments		(15,517)
Interest		1,600
Foreign exchange adjustment		(327)
Total loan balance, December 31, 2023	**$**	**12,364**
Less current portion		(12,364)
Non-current balance, December 31, 2023	**$**	**-**

The loan is secured by the equipment purchased with the proceeds of the loan.

c) On July 1, 2020, Nepra US entered into an unsecured revolving loan facility with a company controlled by the Company’s current COO (former CEO), Director of the Company, interim CFO and interim Corporate Secretary, for up to USD$200,000. The facility boar interest at 6% and the outstanding balance, if any, would have been due on or before December 31, 2025. On January 1, 2022, the facility was amended (the “First Amended Facility”) to increase the balance that could be borrowed under the facility up to USD$400,000. The First Amended Facility boar interest at 6% and the outstanding balance, if any, would have been due on or before December 31, 2025. On September 5, 2022, the First Amended Facility was amended again (the “Second Amended Facility”), to increase the balance that could be borrowed under the facility up to USD$650,000. The Second Amended Facility bears interest at 6% and the outstanding balance, if any, is due on or before December 31, 2025.

During the fifteen months ended March 31, 2023, in measuring the fair value of the Second Amended Facility in alignment with IFRS 9, *Financial Instruments*, the Company recognized an equity component of USD$332,417 (CAD$449,741) against the balance of the facility relating to the below market interest rate. The value of the equity component was determined by discounting the balance of the facility at a market rate of interest of 20%. As at December 31, 2023, USD$650,000 (CAD$859,690) was borrowed on the Second Amended Facility (March 31, 2023 – USD$633,116 (CAD$856,571)) and an additional USD$113,029 (CAD$149,492) was borrowed under the same terms as the Second Amended Facility (March 31, 2023 – $Nil).

(Expressed in Canadian Dollars)

A reconciliation of the balance outstanding at December 31, 2023, in CAD, is as follows:

Balance, December 31, 2021	**$**	**218,701**
Borrowings		1,041,338
Repayments		(436,896)
Equity portion of loans payable		(449,741)
Accretion expense		171,894
Foreign exchange adjustment		38,858
Total loan balance, March 31, 2023	**$**	**584,154**
Borrowings		277,293
Repayments		(102,079)
Equity portion of loans payable		(75,157)
Accretion expense		96,658
Foreign exchange adjustment		(16,908)
Total loan balance, December 31, 2023	**$**	**763,961**
Less current portion		-
Non-current balance, December 31, 2023	**$**	**763,961**

As at December 31, 2023, total accrued interest of $16,749 (March 31, 2023 - $7,404) on the original and amended revolving loan facilities was recorded in accounts payable and accrued liabilities. The Company incurred interest expense of $14,885 and $41,808 (December 31, 2022 - $9,221 and $14,717) relating to these revolving loan facilities during the three and nine months ended December 31, 2023.

d) On July 1, 2020, Nepra US entered into an unsecured revolving loan facility with a company controlled by the Company's current COO (former CEO), Director of the Company, interim CFO and interim Corporate Secretary for up to USD$200,000. The outstanding balance, if any, on the revolving loan would have been due on or before December 31, 2025. The facility boar interest at 6% per annum. In February 2022, the Company drew USD$200,000 on the facility. On April 19, 2022, the Company repaid all amounts on the facility, including accrued interest. During the fifteen months ended March 31, 2023, the facility was cancelled.

e) On April 12, 2023, Nepra US issued an unsecured promissory note in the principal amount of USD$100,000 (CAD$134,470). The note bears interest at 6% per annum and was repayable on or before December 31, 2023. On December 31, 2023, the Company entered into an agreement to extend the maturity date to December 31, 2024 (the "amendment"). All the other terms of the unsecured promissory note remained the same. On the date of the amendment, management determined that this was a non-substantial debt modification. No gain or loss on modification was recognized during the three or nine months ended December 31, 2023 in connection with this modification.

(Expressed in Canadian Dollars)

A reconciliation of the balance outstanding at December 31, 2023 is as follows:

Balance, March 31, 2023	**$**	**-**
Principal amount		134,470
Interest		5,917
Foreign exchange adjustment		(2,325)
Total loan balance, December 31, 2023		**138,062**
Less current portion		(138,062)
Non-current balance, December 31, 2023	**$**	**-**

f) On April 24, 2023, Nepra US entered into a loan agreement for a principal amount of USD$100,000 (CAD$135,420). The loan is secured by a security interest in all assets of Nepra US. The loan bears interest at 20.29% per annum and shall be repaid through monthly instalments of USD$17,667 beginning May 24, 2023.

A reconciliation of the balance outstanding at December 31, 2023 is as follows:

Balance, March 31, 2023	**$**	**-**
Principal amount		135,420
Loan repayments		(142,962)
Interest		8,092
Foreign exchange adjustment		(550)
Total loan balance, December 31, 2023	**$**	**-**

g) From July 2023 to November 2023, Nepra US entered into several short-term lending agreements with WebBank under which Nepra US was loaned USD$116,296 (CAD$156,848). All loans under these agreements have a term of 12 months, an origination fee of 3% of the amount loaned, bear interest at 15% per annum and are repaid through monthly instalments. Amounts loaned under these agreements can be fully repaid at any time during the term without a prepayment penalty.

A reconciliation of the balance outstanding at December 31, 2023 is as follows:

Balance, March 31, 2023	**$**	**-**
Principal amount		156,848
Loan repayments		(71,426)
Interest		1,871
Foreign exchange adjustment		(1,689)
Total loan balance, December 31, 2023		**85,604**
Less current portion		(85,604)
Non-current balance, December 31, 2023	**$**	**-**

14. Share Capital and Reserves

Authorized capital

The Company is authorized to issue an unlimited number of common shares and an unlimited number of Class A common shares with no par value.

Issued Capital

During the nine months ended December 31, 2023

- On September 28, 2023, the Company issued 12,201,100 units as part of the first tranche of a non-brokered private placement, consisting of one common share and one common share purchase warrant, at a price of $0.05 per unit for aggregate gross proceeds of $610,055. The Company incurred $7,626 of share issuance costs in the form of legal services, in connection with the financing.
- During the nine months ended December 31, 2023, the Company received $203,250 in funds from subscribers, relating to 4,065,000 units for the second tranche of a non-brokered private placements which closed on January 31, 2024 (Note 21). Each unit will consist of one common share and one common share purchase warrant, at a price of $0.05 per unit. The Company recognized these proceeds as an obligation to issue shares as of December 31, 2023.
- The Company did not incur any share-based payments expenses.

During the nine months ended December 31, 2022

- On May 18, 2022, the Company issued 100,000 common shares upon the conversion of 100,000 restricted share units with a total value of $73,624 based on the fair value of the restricted share units on the date of grant.
- On June 3, 2022, the Company issued 42,500 common shares upon the conversion of 42,500 restricted share units with a total value of $28,263 based on the fair value of the restricted share units on the date of grant.
- On July 12, 2022, the Company issued 67,500 common shares upon the conversion of 67,500 restricted share units with a total value of $44,888 based on the fair value on the grant date of the restricted share units.
- On September 27, 2022, the Company issued 1,416,219 common shares upon the conversion of 14,162 class A shares.
- On November 29, 2022, the Company issued 3,521,654 common shares upon the conversion of 35,217 class A shares.
- On December 9, 2022, the Company issued 42,500 common shares upon the conversion of 42,500 restricted share units with a total value of $28,262 based on the fair value on the grant date of restricted share units.
- The Company incurred and recognized a share-based payments expenses of $22,831 and $207,657 for the three and nine months ended December 31, 2022, respectively.

(Expressed in Canadian Dollars)

Stock Options

Stock Option Plan

The Stock Option Plan was adopted by the Company's Board of Directors on April 16, 2021. The aggregate number of common shares which are reserved for issuance under the Stock Option Plan may not exceed 11,789,310. The exercise price of any stock options granted under the Stock Option Plan shall be determined by the Compensation Committee of the Board but may not be less than the greater of the closing market price of the Company's common shares on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options. The term of any stock option under the Stock Option Plan shall be determined by the Compensation Committee of the Board but shall not exceed 10 years from the grant date. Vesting conditions of any stock options granted under the Stock Option Plan shall be determined by the Board at the time of grant.

Stock Option Activity

During the nine months ended December 31, 2023:

- During the nine months ended December 31, 2023, 600,000 options with an exercise price of $0.47 were cancelled due to resignation of a former directors and management.

During the nine months ended December 31, 2022:

- The Company incurred and recognized share-based payments of $22,728 and $236,401 relating to options in the statement of loss and comprehensive loss for the three and nine months ended December 31, 2022, respectively.

A reconciliation of stock option activity from December 31, 2021 to December 31, 2023 is summarized in the following table:

	Number of Stock Options	Weighted Average Exercise Price
December 31, 2021	**2,050,000**	**$0.47**
Granted	100,000	$0.68
Forfeited	(100,000)	$0.68
Balance, March 31, 2023	**2,050,000**	**$0.47**
Forfeited	(600,000)	$0.47
Balance, December 31, 2023	**1,450,000**	**$0.47**

Details of the options outstanding as at December 31, 2023, are as follows:

Expiry date	Number of Options Outstanding	Number of Options Vested	Exercise Price
September 17, 2031	1,450,000	1,450,000	$0.47
Balance, December 31, 2023	**1,450,000**	**1,450,000**	**$0.47**

As of December 31, 2023, the weighted average remaining life of outstanding options is 7.72 years.

(Expressed in Canadian Dollars)

Warrants

During the nine months ended December 31, 2023:

- On September 17, 2023, 879,389 finder's warrants with an exercise price of $0.47 expired.
- On September 28, 2023, the Company issued 12,201,100 warrants as part of the non-brokered private placement of units. Each warrant entitles the holder to purchase one common share at an exercise price of $0.10 for 24 months from the closing date of September 28, 2023.

During the nine months ended December 31, 2022:

- No warrants were issued or expired during the nine months ended December 31, 2022.

A reconciliation of warrant activity from December 31, 2021 to December 31, 2023 is summarized in the following table:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2021	**879,389**	**$0.47**
Granted	10,614,760	$0.70
Balance, March 31, 2023	**11,521,149**	**$0.68**
Granted	12,201,100	$0.10
Expired	(879,389)	$0.47
Balance, December 31, 2023	**22,842,860**	**$0.38**

Details of the warrants outstanding as at December 31, 2023 are as follows:

Expiry date	Number of Warrants	Exercise Price
March 30, 2025	10,641,760	$0.70
September 28, 2025	12,201,100	$0.10
Balance, December 31, 2023	**22,842,860**	**$0.38**

As of December 31, 2023, the weighted average remaining life for outstanding warrants was 1.51 years.

Restricted Share Units ("RSUs")

During the nine months ended December 31, 2023

- No RSUs were granted, cancelled or forfeited during the nine months ended December 31, 2023.
- The Company did not incur share-based payments relating to RSUs in the statements of loss and comprehensive loss.

During the nine months ended December 31, 2022

- On May 18, 2022, the Company issued 100,000 common shares upon conversion of 100,000 RSUs with a fair value of $73,624.
- On May 20, 2022, 225,000 RSUs were forfeited.

(Expressed in Canadian Dollars)

- On June 3, 2022, the Company issued 42,500 common shares upon conversion of 42,500 RSUs with a fair value of $28,263.
- On July 6, 2022, 50,000 RSUs were forfeited.
- On July 12, 2022, the Company issued 67,500 common shares upon the conversion of 67,500 RSUs with a fair value of $44,888.
- On December 9, 2022, the Company issued 42,500 common shares upon the conversion of 42,500 RSUs with a fair value of $28,262.
- During the three and nine months ended December 31, 2022, the Company recognized share-based payment expenses of $103 and share-based payment recovery of $(28,744), respectively, related to RSUs in the statements of loss and comprehensive loss.

A reconciliation of RSU activity from December 31, 2021 to December 31, 2023, is summarized in the following table:

	Number of RSUs	Weighted Average Issuance Price
Balance, December 31, 2021	**300,000**	**$0.76**
Granted	270,000	$0.67
Converted	(295,000)	$0.69
Forfeited	(275,000)	$0.74
Balance, March 31, 2023 and December 31, 2023	**-**	**-**

15. Related Parties

The Company defines its related parties as its key members of management, companies controlled by its key members of management, and family members of its key members of management. Key members of management consist of the Directors and Officers who are responsible for planning, directing, and controlling the activities of the Company.

a) Related party balances

As at December 31, 2023, included in due from related parties is $9,018 (March 31, 2023 - $9,225) due from the Company's Director of Research and Development and Director of the Company. The amount is unsecured, non-interest bearing and due on demand.

As at December 31, 2023, included in accounts payable and accrued liabilities is $58,251 (March 31, 2023 - $60,780) due to the CEO, CIO and Director of the Company. The amount consists of expenses charged to a personal credit card and is unsecured, non-interest bearing and due on demand. As at December 31, 2023, also included in accounts payable and accrued liabilities is $25,435 (March 31, 2023 - $17,403) owed to the CEO, CIO and Director. This amount consists of salary owed and is unsecured, non-interest bearing and due on demand.

As at December 31, 2023, included in accounts payable and accrued liabilities is $17,488 (March 31, 2023 - $2,774) due to a company controlled by the COO (former CEO), Director of the Company, interim CFO, and interim Corporate Secretary. The amount consists of expense reimbursements and is unsecured, non-interest bearing, and due on demand.

(Expressed in Canadian Dollars)

As at December 31, 2023, included in accounts payable and accrued liabilities is $74,960 (March 31, 2023 - $20,454) due to the COO (former CEO), Director of the Company, interim CFO and interim Corporate Secretary. The amount consists of expenses charged to a personal credit card and is unsecured, non-interest bearing and due on demand. As at December 31, 2023, also included in accounts payable and accrued liabilities is $74,523 (March 31, 2023 - $65,826) due to the COO (former CEO), Director of the Company, interim CFO and interim Corporate Secretary. The amount consists of salary owed and is unsecured, non-interest bearing and due on demand.

As at December 31, 2023, included in accounts payable and accrued liabilities is $34,966 (March 31, 2023 - $8,961) due to the Chief Engineer of the Company. The amount consists of salary owed and is unsecured, non-interest bearing and due on demand. As at December 31, 2023, also included in accounts payable and accrued liabilities is $15,367 (March 31, 2023 - $6,210) owed to the Chief Engineer. This amount consists of expense reimbursements and is unsecured, non-interest bearing and due on demand.

As at December 31, 2023, included in accounts payable and accrued liabilities is $5,431 (March 31, 2023 - $nil) due to close family members of the CEO, CIO and Director of the Company. The amount consists of salary owed and is unsecured, non-interest bearing and due on demand.

As at December 31, 2023, included in accounts payable and accrued liabilities is $2,654 (March 31, 2023 - $nil) due to close family members of the the COO (former CEO), Director of the Company, interim CFO and interim Corporate Secretary. The amount consists of salary owed and is unsecured, non-interest bearing and due on demand.

As at December 31, 2023, included in accounts payable and accrued liabilities is $5,290 (March 31, 2023 - $nil) due to the Director of Research and Development and Director of the Company. The amount consists of salary owed and is unsecured, non-interest bearing and due on demand. As at December 31, 2023, also included in accounts payable and accrued liabilities is $594 (March 31, 2023 - $nil) owed to the Director of Research and Development and Director of the Company. This amount consists of expense reimbursements and is unsecured, non-interest bearing and due on demand.

b) Related party transactions

The Company incurred charges with key members of management during the three and nine months ended December 31, 2023 and 2022:

For the nine months ended December 31,		**2023**		**2022**
Salaries and benefits	$	529,096	$	865,330
Professional fees		79,967		210,950
Share-based payments		-		124,372
	$	**609,063**	**$**	**1,200,652**

For the three months ended December 31,		**2023**		**2022**
Salaries and benefits	$	149,148	$	246,942
Professional fees		-		15,450
Share-based payments		-		38,203
	$	**149,148**	**$**	**300,595**

(Expressed in Canadian Dollars)

c) Revolving loans

During the nine months ended December 31, 2023, the Company remained a party to an unsecured revolving loan facility with a company controlled by the COO (former CEO), Director of the Company, interim CFO and interim Corporate Secretary. See Note 13, items c) and d) for additional disclosure relating to this facility.

d) Other transactions

During the three and nine months ended December 31, 2023, the Company was charged $nil (December 31, 2022 - $1,536 and $9,620, respectively) in lease payments for equipment by a company controlled by the COO (former CEO), Director of the Company, interim CFO and interim Corporate Secretary.

16. General and Administrative

	For the nine months ended December 31,		For the three months ended December 31,	
	2023	**2022**	**2023**	**2022**
Advertising and promotion	$ 94,030	$ 834,189	$ 17,404	$ 31,272
Insurance	62,387	111,569	19,501	63,622
Meals and entertainment	421	8,529	-	1,616
Office expenses	161,709	223,608	57,896	14,612
Other rent	182,903	208,656	65,119	111,098
Equipment rent	16,619	43,955	4,088	14,492
Repairs and maintenance	5,597	49,225	333	17,646
Shareholder communication	12,993	183,993	5,156	53,765
Subscriptions and dues	28,837	57,966	11,748	12,855
Utilities	31,265	38,828	10,269	14,070
Total	**$ 596,761**	**$ 1,760,518**	**$ 191,514**	**$ 335,048**

17. Supplemental Disclosure with Respect to Cash Flows

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2022
Interest paid	$ 348,215	$ 208,748
Equipment purchases included in accounts payable and accrued liabilities	6,580	2,418
Overdue lease payments	231,823	-
Income taxes paid	-	-

18. Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue operations as well as to ensure that the Company is able to meet its financial obligations as they become due. As at December 31, 2023, the Company's capital structure consists of loans payable, share capital, and retained earnings (deficit).

The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in the business environment. To maintain or adjust the capital structure, the Company may issue new shares through private placements or incur debt.

The Company believes it will be able to raise capital as required in the long term but recognizes there will be risks involved that may be beyond its control. There are no external restrictions on the management of the Company's capital.

The Company does not presently utilize any quantitative measures to monitor its capital but relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis. There was no change to the Company's approach to capital management during the nine months ended December 31, 2023.

19. Financial Instruments and Risk Management

Through its operations, the Company is exposed to the following risks:

a) Market Risk
b) Credit Risk
c) Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Quantitative information in respect to these risks is presented further in this note.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure those risks from previous reported periods unless otherwise stated in this note.

The overall objective of the Directors and Officers is to set policies that seek to reduce risk as much as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market Risk

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

(i) Foreign Currency Risk:

A portion of the assets and liabilities held by the Company and its subsidiaries are denominated in currencies other than the functional currencies of the Company and its subsidiaries. This results in some exposure to foreign currency risk. All of the Company's assets and liabilities are denominated in either Canadian Dollars or United States Dollars. Assuming all other variables remain constant, a 5% weakening or strengthening of the Canadian Dollar against the United States Dollar would result in an approximate $3,000 foreign exchange gain or loss in the condensed consolidated interim statement of comprehensive loss as at December 31, 2023.

(Expressed in Canadian Dollars)

(ii) Interest Rate Risk:

Interest rate risk is the risk that future cash flows will fluctuate because of changes in market interest rates. The interest earned on cash and restricted cash is insignificant, and the Company does not rely on interest to fund its operations. The Company's outstanding loans payable bear interest at fixed rates. As a result, at December 31, 2023, management believes that the Company is not exposed to any significant interest rate risk.

b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's cash and restricted cash, due from related parties and accounts receivable are exposed to credit risk. The Company limits its exposure to credit loss on cash by placing its cash with high-quality financial institutions. The Company has concentrations of credit risk with respect to accounts receivable as large amounts of its accounts 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 accounts receivable. The Company has certain amounts of aged receivables that are not deemed impaired as follows:

	December 31, 2023	March 31, 2023
1 - 60 days	$ 311,311	$ 303,993
61 - 90 days (past due)	65,140	6,581
Over 90 days (past due)	146,221	21,257
Provision for expected credit losses (over 90 days)	(24,512)	-
Total	**$ 498,160**	**$ 331,831**

The Company is exposed to increased credit risk due to major customers that comprise 10% or more of revenue. For the three and nine months ended December 31, 2023 and 2022, the following revenue was recorded from major customers:

	For the nine months ended December 31,		For the three months ended December 31,	
	2023	2022	2023	2022
Customer A	$ 1,362,084	$ 1,985,552	$ 410,043	$ 270,744
Customer B	355,195	1,018,475	-	332,098
Customer C	458,836	44,353	47,722	46,263
Customer D	428,483	273	278,329	-

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. Historically, the Company's sources of funding have been through equity financings, related party loans and convertible notes. The Company's access to financing is uncertain.

(Expressed in Canadian Dollars)

There can be no assurance of continued access to significant debt or equity funding. The following table displays the Company's aging undiscounted obligations:

		Within one year		Between one and five years		More than five years
Accounts payable and accrued liabilities	$	1,804,673	$	-	$	-
Loans payable		504,385		1,009,182		-
Lease liability		1,263,866		2,155,485		1,237,606
Total	**$**	**3,572,924**	**$**	**3,164,667**	**$**	**1,237,606**

d) Basis of Fair Value

FINANCIAL ASSETS	Level		December 31, 2023		March 31, 2023
FVTPL					
Cash	1	$	61,518	$	15,064
Restricted Cash	1		1,886		74,467
Other assets, at amortized cost					
Accounts receivable			554,898		372,079
Due from related parties			9,018		9,225
Total financial assets		**$**	**627,320**	**$**	**470,835**

FINANCIAL LIABILITIES	Level		December 31, 2023		March 31, 2023
Other liabilities, at amortized cost					
Accounts payable and accrued liabilities			1,804,673		1,620,697
Loans payable			1,145,692		758,506
Total financial liabilities		**$**	**2,950,365**	**$**	**2,379,203**

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

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

The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of issuance, (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis, and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of instruments that are not quoted in an active market.

Loans payable are measured at amortized cost. Upon recognition, the fair values of the loans are estimated by discounting cash flows using interest rates of debt instruments with similar terms, maturities, and risk profile. The carrying value of the Company's accounts receivable, due from related parties and accounts payable and accrued liabilities approximate their fair values due to their short-term maturities. Cash and restricted cash are measured at fair value on a recurring basis.

20. Segmented Reporting

The Company operates in one reportable operating segment, being the production and sale of food ingredients and products. All of the Company's non-current assets are located in the United States and all of the Company's long-term liabilities were incurred in the United States.

21. Subsequent Events

On January 31, 2024, the Company closed the second tranche of the private placement initially announced on September 13, 2023 issuing 13,714,760 units for gross proceeds of $685,738. Each unit consists of one common share and one common share purchase warrant. Each warrant enables the holder to purchase on additional share at a price of $0.10 for a period of 24 months following date of issue of the warrants.

On April 5, 2024, Nepra US entered into a short-term loan agreement for a total of USD$950,000 advanced over the preceding four months to provide for additional inventory and working capital expenditures. The loan is due on or before July 31, 2024, carries an interest rate of 6% which is being accrued to term and is secured by the assets of Nepra US.