NEPRA FOODS INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024, AND
FIFTEEN MONTHS ENDED MARCH 31, 2023
(EXPRESSED IN CANADIAN DOLLARS)

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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Independent Auditor's Report

To the Shareholders of Nepra Foods Inc.

Opinion

We have audited the consolidated financial statements of Nepra Foods Inc. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity (deficiency) for the twelve months ended March 31, 2024 and fifteen months ended March 31, 2023, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2024 and 2023, and its financial performance and its cash flows for the twelve months ended March 31, 2024 and fifteen months ended March 31, 2023 in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that during the twelve months ended March 31, 2024 the Company had negative cash flows from operations of $1,907,601 and as at March 31, 2024 had an accumulated deficit of $20,659,506. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Steven Reichert.

DMCL.

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

August 29, 2024

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

	Notes		March 31, 2024		March 31, 2023
ASSETS					
Current assets					
Cash		$	65,925	$	15,064
Restricted cash			-		74,467
Accounts receivable	**5**		418,832		372,079
Prepaid expenses and deposits	**6**		542,416		520,692
Inventory	**7**		888,853		1,988,403
Due from related party	**15**		9,232		9,225
			1,925,258		2,979,930
Property and equipment	**8**		206,325		258,386
Right-of-use assets	**10**		2,294,702		2,986,728
Prepaid expenses and deposits	**6, 10**		77,796		69,256
Total assets		**$**	**4,504,081**	**$**	**6,294,300**
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)					
Current liabilities					
Accounts payable and accrued liabilities	**12, 15**	$	1,823,803	$	1,620,697
Loans payable – current portion	**13**		1,021,669		164,771
Lease liabilities – current portion	**11**		1,081,350		421,014
Deferred revenue			2,021		5,539
			3,928,843		2,212,021
Lease liabilities	**11**		2,397,524		3,081,796
Loans payable	**13, 15**		975,842		593,735
Total liabilities			**7,302,209**		**5,887,552**
Shareholders' equity (deficiency)					
Share capital	**14**		15,590,807		14,328,553
Reserves	**14**		1,560,108		1,560,108
Equity portion of loans payable	**13, 15**		532,825		449,741
Accumulated other comprehensive income			177,638		191,327
Deficit			(20,659,506)		(16,122,981)
Total shareholders' equity (deficiency)			**(2,798,128)**		**406,748**
Total liabilities and shareholders' equity (deficiency)		**$**	**4,504,081**	**$**	**6,294,300**

Nature of operations and going concern (Note 1)
Subsequent events (Note 22)

Approved on behalf of the Board

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

NEPRA FOODS INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Notes		For the twelve months ended March 31, 2024		For the fifteen months ended March 31, 2023
Revenue					
Sales	**20**	$	4,110,570	$	7,521,951
Consulting			50,784		51,842
			4,161,354		7,573,793
Cost of sales	**7, 8, 10**		3,833,464		6,339,660
Gross profit			**327,890**		**1,234,133**
Expenses					
Accretion	**13**		128,186		173,971
Amortization	**8, 9, 10**		277,159		370,568
Bad debts			211,050		5,574
Consulting			9,755		309,846
General and administrative	**16**		775,483		3,184,047
Professional fees	**15**		517,215		596,899
Research and development			278,950		251,293
Salaries and benefits	**15**		1,778,395		3,128,214
Share-based payments	**14, 15**		-		659,736
Travel			156,914		168,190
			4,133,107		8,848,338
Net loss before other items			**(3,805,217)**		**(7,614,205)**
Other items					
Foreign exchange			(9,683)		6,978
Interest income			13,599		14,495
Finance costs	**13**		(687,817)		(415,740)
Change in fair value of convertible debt			-		(223)
Loss of revaluation of long-term deposits	**10**		-		(57,283)
Other income			53,097		-
Impairment	**8, 9**		-		(246,416)
Loss on lease modification	**10**		(100,504)		-
Gain on equipment returned	**8**		-		3,514
Net loss		**$**	**(4,536,525)**	**$**	**(8,308,880)**
Other comprehensive income (loss)					
Items that may be reclassified to profit or loss					
Exchange difference on translation of functional to presentation currencies			(13,689)		236,608
Comprehensive loss		**$**	**(4,550,214)**	**$**	**(8,072,272)**
Loss per share, basic and diluted		$	(0.08)	$	(0.18)
Weighted average number of shares outstanding, basic and diluted			60,471,382		46,605,872

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

NEPRA FOODS INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	For twelve months ended March 31, 2024	For the fifteen months ended March 31, 2023
Operating activities		
Net loss	$ (4,536,525)	$ (8,308,880)
Adjustments for non-cash items		
Amortization	646,544	445,209
Bad debts	211,050	5,574
Write-off of inventory	65,418	27,841
Accretion	128,186	173,971
Interest	581,842	85,445
Loss on lease modification	100,504	-
Change in fair value of convertible notes	-	223
Gain on equipment returned	-	(3,514)
Foreign exchange	-	112,332
Shared-based payments	-	659,736
Impairment	-	246,416
Changes in non-cash working capital items:		
Accounts receivable	(257,455)	259,188
Prepaid expenses and deposits	(20,755)	525,052
Inventory	1,035,288	(79,803)
Accounts payable and accrued liabilities	141,809	274,464
Due from related parties	-	786
Deferred revenue	(3,507)	(271,368)
Net cash used in operating activities	**(1,907,601)**	**(5,847,328)**
Investing activities		
Purchase of equipment	(4,548)	(249,443)
Equipment returned	-	94,638
Deposit paid	(1,595)	-
Deferred acquisition costs refunded	-	121,965
Net cash used in investing activities	**(6,143)**	**(32,840)**
Financing activities		
Proceeds from issuance of common shares	1,262,254	3,921,268
Repayment of lease liability	(529,447)	(113,862)
Loan borrowings	1,547,283	1,303,639
Loan repayments	(388,173)	(724,345)
Net cash provided by financing activities	**1,891,917**	**4,386,700**
Net decrease in cash	**(21,827)**	**(1,493,468)**
Effect of changes in foreign exchange rates on cash	**(1,779)**	**49,297**
Cash, beginning	**89,531**	**1,533,702**
Cash, ending	**$ 65,925**	**$ 89,531**

Cash	**$ 65,925**	**$ 15,064**
Restricted cash	**-**	**74,467**
Cash, ending	**$ 65,925**	**$ 89,531**

Supplemental Disclosure with Respect to Cash Flows (Note 17)

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

NEPRA FOODS INC.
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the Twelve Months Ended March 31, 2024 and Fifteen Months Ended March 31, 2023
(Expressed in Canadian Dollars)

	Share Capital							
	Common shares	**Class A shares**	**Amount**	**Reserves**	**Equity portion of loans payable**	**Accumulated other comprehensive income (loss)**	**Deficit**	**Total shareholders' equity (deficiency)**
Balance, December 31, 2021	**36,554,944**	**273,468**	**$ 10,608,472**	**$ 666,393**	**$ -**	**$ (45,281)**	**$ (7,814,101)**	**$ 3,415,483**
Shares issued in prospectus offering	10,000,000	-	3,483,989	437,279	-	-	-	3,921,268
Shares issued for convertible debt	43,932	-	32,792	-	-	-	-	32,792
Conversion of Class A shares	4,937,873	(49,379)	-	-	-	-	-	-
Conversion of restricted share units	295,000	-	203,300	(203,300)	-	-	-	-
Equity portion of loans payable	-	-	-	-	449,741	-	-	449,741
Share-based payments	-	-	-	659,736	-	-	-	659,736
Currency translation adjustment	-	-	-	-	-	236,608	-	236,608
Net loss	-	-	-	-	-	-	(8,308,880)	(8,308,880)
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	25,915,860	-	1,262,254	-	-	-	-	1,262,254
Equity portion of loans payable	-	-	-	-	83,084	-	-	83,084
Currency translation adjustment	-	-	-	-	-	(13,689)	-	(13,689)
Net loss	-	-	-	-	-	-	(4,536,525)	(4,536,525)
Balance, March 31, 2024	**77,747,609**	**224,089**	**$ 15,590,807**	**$ 1,560,108**	**$ 532,825**	**$ 177,638**	**$ (20,659,506)**	**$ (2,798,128)**

The accompanying notes are an integral part of these consolidated 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. In transitioning to a March 31 year end, the Company previously reported financial results for a fiscal period of fifteen months, from January 1, 2022, to March 31, 2023, in purpose of its annual financial statements. The financial results of the fifteen month period ended March 31, 2023 are presented as comparative figures to the financial results of the twelve months ended March 31, 2024.

These consolidated 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 year ended March 31, 2024, the Company had negative cash flows from operations of $1,907,601, and as at March 31, 2024, had an accumulated deficit of $20,659,506. 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 its 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 consolidated 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 consolidated financial statements. Such adjustments could be material.

2. Basis of Presentation

Statement of compliance

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

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

Basis of measurement

These consolidated 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 consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of consolidation

These consolidated 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. ("Nepra US") and Gluten Free Baking Solutions, LLC ("GFBS"). All intercompany balances and transactions are eliminated on consolidation.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, unless explicitly 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. Material Accounting Policies

Financial instruments

The Company's financial instruments consist of cash, restricted cash, accounts receivable, due from related parties, accounts payable and accrued liabilities, lease liabilities, and loans payable.

Recognition, classification and measurement
Financial assets are classified and measured based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 contains three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit and loss. Financial assets are recognized in the statements of financial position if the Company has a contractual right to receive cash or other financial assets from another entity. Financial assets are derecognized when the rights to receive cash flows from the asset have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership.

All financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial instruments are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company has classified its accounts payable and accrued liabilities lease liabilities and its loans payable as financial liabilities measured at amortized cost. Such assets and liabilities are recognized initially at fair value inclusive of any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses. The Company has classified its cash and restricted cash as a financial asset measured at fair value through profit and loss and its accounts receivable and due from related parties at amortized cost.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivables are always measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Losses are recognized in the statements of comprehensive loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statements of comprehensive loss.

Cash and Restricted Cash

Cash and restricted cash includes cash on account, demand deposits and deposits held for the Company’s credit cards which can be converted to known amounts of cash and is subject to insignificant changes in value. As at March 31, 2024 and 2023, the Company did not have any cash equivalents.

Inventory

The cost of inventories is determined using the weighted average method and is comprised of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase include the purchase price, import duties, non-recoverable taxes, and transport, handling and other costs directly attributable to the acquisition of finished goods, materials or services. The costs of conversion include direct material and labour costs, and a systematic allocation of fixed and variable overheads incurred in converting materials into finished goods.

Inventory consists primarily of raw materials and finished goods. Inventory is measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The Company reviews the quantities and conditions of the inventory on hand on a regular basis and records a provision for spoiled inventory when spoilage occurs. If the Company determines that the estimated net realizable value of its inventory is less than the carrying value of such inventory, it records a charge to cost of sales.

Property and equipment

All items of property and equipment are stated at historical cost, less any accumulated amortization and any accumulated impairment losses. Historical cost includes all costs directly attributable to the acquisition of a property and equipment item. Costs related to the acquisition of equipment are deferred until such time that the Company obtains control over the equipment.

Subsequent costs are included in property and equipment item's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amounts of any replaced parts are derecognized. All other repairs and maintenance are charged to the consolidated statement of loss and comprehensive loss during the financial period in which the repairs or maintenance is incurred.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds received for a property and equipment item (if any) to the carrying amount of the item. Gains and losses are recognized in the consolidated statement of loss and comprehensive loss.

Amortization is calculated on a straight-line basis to write down the costs of property and equipment assets to residual values over the estimated useful lives of the property and equipment assets. The amortization rates applicable to each category of property and equipment are as follows:

Class of property and equipment	**Amortization rate**
Computer equipment	5 years
Furniture and equipment	5-7 years
Production equipment	7 years
Leasehold improvements	7 years

Intangible Assets

The Company's intangible assets consist of trademark application costs and software. Finite life intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. Finite life intangible assets are amortized once they are available for their intended use on a straight-line basis over the estimated useful life of the assets as follows:

Class of intangible assets	**Amortization rate**
Trademark	15 years
Software	3 years

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

The Company assesses the carrying values of its intangible assets annually or more frequently if warranted by a change in circumstances. If it is determined that carrying values of assets cannot be recovered, the unrecoverable amounts are charged against current earnings. Recoverability is dependent upon assumptions and judgements regarding market conditions, costs of production and sustaining capital requirements. Other assumptions used in the calculation of recoverable amounts are discount rates and future cash flows. A material change in assumptions may significantly impact the potential impairment of these assets. Determining if there are any facts and circumstances indicating impairment loss is a subjective process often involving judgment and a number of estimates and interpretations.

Impairment of non-financial assets

At each reporting period, the Company assesses whether there are indicators of impairment for its non-financial assets. If indicators exist, the Company determines if the recoverable amount of the asset or cash generating unit ("CGU") is greater than its carrying amount. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets.

If the carrying amount exceeds the recoverable amount, the asset or CGU is recorded at its recoverable amount with the reduction recognized in profit or loss. The recoverable amount is the greater of the value in use or fair value less costs to sell. Fair value is the amount the asset could be sold for in an arm's length transaction. The value in use is the present value of the estimated future cash flows of the asset from its continued use. The fair value less costs to sell considers the continued development of a property and market transactions in a valuation model.

Impairments are reversed in subsequent periods when there has been an increase in the recoverable amount of a previously impaired asset or CGU and these reversals are recognized in profit or loss. The recovery is limited to the original carrying amount less amortization, if any, that would have been recorded had the asset not been impaired.

Leases

A lease represents the right to control the use of an identified asset for a period of time in exchange for consideration. To determine whether a contract conveys the right to control the use of an identified asset, the Company assesses the following:

- Is the identified asset directly or indirectly specified in the contract, or does it represent substantially all of the capacity of an asset that is physically distinct?
- Does the right of use cover substantially all of the economic benefits from use of the identified asset for a period of time?
- Does the Company have the right to direct the use of the identified asset? In cases where the use is predetermined, does the Company operate the asset or did the Company design the asset in a way that predetermines how and for what purpose the asset will be used?

When a lease is identified, the Company allocates the consideration in the contract to each of the lease components, separately from the non-lease components, on the basis of their relative stand-alone price. However, as is permitted under IFRS 16, the Company elected to account for all contracts of land and buildings it occupies as leases. A right-of-use asset (a "lease asset") and a lease liability are recognized in the statement of financial position at the lease commencement date.

As is permitted under IFRS 16, the Company elects to expense its short-term leases (term of 12 months or less) and leases of low-value assets on a straight-line basis over the lease term.

Right-of-use asset

A right-of-use asset is initially recognized at cost which comprises the amount of the initial measurement of the lease liability, adjusted for any lease payments made or any lease incentives received at or before the commencement date, plus any initial direct costs incurred by the Company and an estimate of costs to be incurred in dismantling, removing or restoring the asset or site, as required by the terms and conditions of the lease.

The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the leased asset or the end of the lease term.

Lease liability

A lease liability is initially measured at the present value of the lease payments that are not paid at the recognition date using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company's incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The lease payments comprise the following: fixed payments; variable lease payments that depend on an index or a rate, using the index or rate as at the commencement date; an estimate of the amounts to be payable under residual value guarantees; as well as amounts the Company is reasonably certain to pay as the exercise price of a purchase or extension option, or as a penalty to exercise a termination option.

The lease liability is subsequently remeasured at amortized cost using the effective interest method.

When there is a change in lease payments resulting from a change in an index or a rate or a change in an estimated amount, the amount of such an adjustment is offset in the unamortized cost of the lease asset or reported in the consolidated statement of profit or loss when the lease asset is fully impaired.

The Company presents interest on its lease liabilities (calculated at the effective interest rate) with its other finance costs in the consolidated statement of profit or loss.

Deferred revenue

The Company records deferred revenue on payments received from customers at a point in time prior to the point in time when title, risks, and rewards of goods or services to be rendered by the Company transfers to the customer.

Revenue recognition

The Company generates revenue primarily from the sale of starch products, through the sprouting and malting of starch products, the processing of hemp seeds and sale of hemp heart flour, and recipe consulting services. The time between invoicing and when payment is due is not significant and none of the Company's contracts contain a significant financing component.

The Company follows IFRS 15, Revenue from Contracts with Customers ("IFRS 15"), to recognize its revenue. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, the Company's accounting policy for revenue recognition is as follows: i) identify the contract with the customer; ii) identify the performance obligation(s) in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligation(s); and (v) recognize revenue when (or as) performance obligation(s) are satisfied.

For the sale of starch products, sprouting and malting of starch products, and the sale of hemp heart flour, the Company recognizes revenue when legal title to the goods has transferred from the Company to the customer, and risks and rewards of ownership of the goods has transferred from the Company to the customer. For most customers, this occurs at the point in time when goods are shipped from the Company's facility. The Company does not offer warranties or a right to return on the products it sells.

Revenue earned from recipe consulting is recognized when the recipe is complete and has been accepted by the customer.

Revenue is measured based on the price specified in the Company's invoice provided to the customer. The Company does not have any multiple-element revenue arrangements. Revenue is presented net of discounts and sales and other related taxes.

Cost of sales

The Company's cost of sales consists of the cost of sold inventory. These costs include product and material costs, labour and overhead production costs, freight and storage costs, packaging costs, sample costs, and quality assurance costs. In addition, cost of sales consists of provisions for reserves related to product shrinkage, excess or obsolete inventory, or lower of cost and net realizable value adjustments as required.

Research and development

Research costs are expensed as incurred. Research activities include formulation, design, evaluation and final selection of possible alternatives, products, processes, systems or services. Development costs are expensed as incurred unless the Company can demonstrate all of the following: (i) the technical feasibility of completing an intangible asset so that it will be available for use or sale, (ii) its intention to complete the intangible asset and use or sell it, (iii) its ability to use or sell the intangible asset, (iv) how the intangible asset will generate probable future economic benefits, (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and (vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Income taxes

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the financial position reporting date, and includes any adjustments to tax payable or receivable in respect of previous periods.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the financial position reporting date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity and are intended to be settled on a net basis. The determination of current and deferred taxes requires interpretations of tax legislation, estimates of expected timing of reversal of deferred tax assets and liabilities, and estimates of future earnings.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and share purchase warrants are classified as equity instruments. The proceeds from the issue of units, where such units consist of common shares and common share purchase warrants, are allocated between common shares and common share purchase warrants on a residual value basis wherein the fair value of the common shares is based on the market trading price on the date the units are issued and the balance, if any, is allocated to the attached warrants. Share issuance costs are recorded against share proceeds, net of any tax impact. Transaction costs directly attributable to derivative instruments are charged to operations as a finance cost.

Share-based payments

Equity-settled share-based payments to employees are measured at the fair value of the instruments at the grant date and recognized in expense over the vesting periods. Equity-settled share-based payments to nonemployees are measured at the fair value of goods or services received or the fair value of the equity instruments issued if it is determined that the fair value of the goods or services received cannot be reliably measured. Nonemployee share-based payments are recognized in expense at the date the goods or services are received. The corresponding amount is recorded to reserves. Upon the exercise of equity instruments, consideration received on the exercise is recorded as share capital and the related amount in reserves is transferred to share capital.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to shareholders by the consolidated weighted average number of shares outstanding in the period. Diluted earnings per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of share options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding share options and warrants were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. As the Company is in a loss position, the outstanding warrants and options is anti-dilutive.

Foreign currency translation

Translation of foreign currency transactions

Transactions in foreign currencies are translated using the exchange rate prevailing at the date of the transaction. At each reporting date, foreign currency denominated monetary assets and liabilities are translated at year-end exchange rates. Exchange differences arising from the transactions are recorded in profit or loss. for the period.

Translation of foreign operations

The assets and liabilities of a foreign operation are translated into Canadian dollars at year-end exchange rates. Income and expenses and cash flows of a foreign operation are translated to Canadian Dollars using average exchange rates. Differences resulting from translating foreign operations are reported as translation differences in other comprehensive income. When a foreign operation is disposed of, the translation differences previously recognized in equity are reclassified to profit or loss.

Accounting standards issued but not yet effective

New 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 consolidated financial statements.

4. Critical Accounting Estimates and Judgments

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. These financial statements do not include any accounts that require significant estimates as the basis for determining the stated amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Going concern

The Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

Useful lives of property and equipment

Property and equipment is amortized or depreciated over its useful lives. Useful lives are based on management's estimate of the period that the assets will generate revenue. These periods are periodically reviewed by management for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the statement of loss and other comprehensive loss in specific periods.

Provision for expected credit losses ("ECLs")

The Company performs impairment testing annually for accounts receivable in accordance with IFRS 9. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs which are determined on a probability-weighted basis. IFRS 9 outlines a three-stage approach to recognizing ECLs which is intended to reflect the increase in credit risk of a financial instrument based on 1) 12-month expected credit losses or 2) lifetime expected credit losses. The Company measures provision for ECLs on its trade receivables at an amount equal to lifetime ECLs.

Impairment

Long-lived assets, including equipment and intangible assets, are reviewed for indicators of impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually 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 groups of assets (also known as cash generating units, or "CGUs"). Judgments and estimates are required in defining a CGU and determining the indicators of impairment and the estimates required to measure an impairment, if any.

(Expressed in Canadian Dollars)

Interest Rates

The Company estimates a market interest rate in determining the fair value of loans payable, the fair value of the right-of-use assets and lease liabilities and recoverable value of cash-generating units. The determination of the market interest rate is subjective and could materially affect these fair value estimates.

Share-based payments

The Company measures the cost of equity-settled transactions with employees and non-employees by reference to the fair value of the equity instruments at the date at which they are granted. The Company measures the cost of equity-settled transactions with employees and non-employees by reference to the trading price of the Company's shares on the CSE on the date which the equity instruments are granted.

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law in the relevant jurisdiction. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision.

Determination of functional currency

The determination of the functional currency for the Company and its subsidiaries was based on management's judgment of the underlying transactions, events and conditions relevant to each entity.

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:

		March 31, 2024		March 31, 2023
Trade receivables	$	553,428	$	331,831
Expected credit losses		(198,718)		-
Sales tax receivable		64,122		40,248
	$	**418,832**	**$**	**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.

(Expressed in Canadian Dollars)

6. Prepaid Expenses and Deposits

Current prepaids and deposits are composed of the following amounts:

		March 31, 2024		March 31, 2023
Deposit on inventory	$	529,491	$	467,644
Insurance		-		35,706
Other		12,925		17,342
	$	**542,416**	**$**	**520,692**

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

		March 31, 2024		March 31, 2023
Deposit on lease (Note 10)	$	76,566	$	69,256
Other		1,230		-
	$	**77,796**	**$**	**69,256**

7. Inventory

Inventory consists primarily of raw materials and finished goods.

		March 31, 2024		March 31, 2023
Raw materials	$	100,441	$	78,419
Work-in-progress		2,771		-
Finished goods		785,641		1,909,984
	$	**888,853**	**$**	**1,988,403**

During twelve months ended March 31, 2024, the Company sold inventory with a value of $3,698,532 (fifteen months ended March 31, 2023 - $6,311,819).

During twelve months ended March 31, 2024, the Company incurred inventory write-offs of $90,100 (fifteen months ended March 31, 2023 - $27,841).

(Expressed in Canadian Dollars)

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		-		8,290		-		-		8,290
Foreign exchange adjustment		83		294		-		46		423
Balance, March 31, 2024	**$**	**110,583**	**$**	**349,926**	**$**	**148,750**	**$**	**60,247**	**$**	**669,506**
Accumulated Amortization and Impairment										
Balance, December 31, 2021	**$**	**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**	**$**	**402,407**
Amortization		13,110		37,691		-		9,429		60,230
Foreign exchange adjustment		105		376		-		63		544
Balance, March 31, 2024	**$**	**78,784**	**$**	**196,055**	**$**	**148,750**	**$**	**39,592**	**$**	**463,181**
Net Book Value										
At March 31, 2023	**$**	**44,931**	**$**	**183,354**	**$**	**-**	**$**	**30,101**	**$**	**258,386**
At March 31, 2024	**$**	**31,799**	**$**	**153,871**	**$**	**-**	**$**	**20,655**	**$**	**206,325**

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 twelve months ended March 31, 2024, amortization of $27,954 was allocated to cost of sales (for the fifteen months ended March 31, 2023 - $61,407). As at March 31, 2024, amortization of $2,173 was included in inventory (March 31, 2023 - $2,018).

(Expressed in Canadian Dollars)

9. Intangible Assets

		Trademark		Software		Total
Balance, December 31, 2021	**$**	**11,421**	**$**	**9,272**	**$**	**20,693**
Impairment		(10,814)		(5,587)		(16,401)
Amortization		(983)		(3,990)		(4,973)
Foreign exchange adjustment		376		305		681
Balance, March 31, 2023 and 2024	**$**	**-**	**$**	**-**	**$**	**-**

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 11).

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.

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 twelve months ended March 31, 2024, the Company returned certain production and manufacturing equipment and recognized a loss on lease modification $100,504, respectively (fifteen months ended March 31, 2023 - $nil).

On July 1, 2024, the Company modified the lease agreement. Commencing on July 1, 2024, the Company committed to paying USD$150,000 for the first and second months of the lease term and USD$3,700 monthly thereafter until March 1, 2027 (Note 22).

(Expressed in Canadian Dollars)

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		7,227
Foreign exchange adjustment		83
At March 31, 2024	**$**	**76,566**

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**
Derecognition		(100,533)		-		(100,533)
Amortization expense		(334,572)		(255,887)		(590,459)
Foreign exchange adjustment		(1,566)		532		(1,034)
At March 31, 2024	**$**	**431,749**	**$**	**1,862,953**	**$**	**2,294,702**

A portion of the amortization of the equipment and building right-of-use assets are allocated to inventory and cost of sales. For the twelve months ended March 31, 2024, amortization of $246,005 was allocated to cost of sales, (for the fifteen months ended March 31, 2023 - $13,234). As at March 31, 2024, amortization of $974 was included in inventory (March 31, 2023 - $2,058).

(Expressed in Canadian Dollars)

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		**March 31, 2024**		**March 31, 2023**
Current portion	$	1,081,350	$	421,014
Long-term portion		2,397,524		3,081,796
Total lease liability	**$**	**3,478,874**	**$**	**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		254,733		248,235		502,968
Payments		(44,899)		(484,548)		(529,447)
Foreign exchange adjustment		1,537		1,006		2,543
At March 31, 2024	**$**	**1,079,791**	**$**	**2,399,083**	**$**	**3,478,874**

The Company is committed to minimum lease payments as follows:

Maturity analysis		**March 31, 2024**		**March 31,2023**
Less than one year	$	1,454,466	$	925,707
One year to five years		2,062,983		2,636,698
More than five years		1,143,255		1,626,034
Total undiscounted lease liabilities		4,660,704		5,188,439
Less: unearned interest		(1,181,830)		(1,685,629)
Total lease liability	**$**	**3,478,874**	**$**	**3,502,810**

12. Accounts Payables and Accrued Liabilities

		March 31, 2024		**March 31, 2023**
Trade payables	$	1,163,791	$	1,120,578
Accrued liabilities		660,012		500,119
	$	**1,823,803**	**$**	**1,620,697**

(Expressed in Canadian Dollars)

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 March 31, 2024, accrued interest of USD$21,562 (CAD$29,195) (March 31, 2023 - USD$15,938 (CAD$21,563)) is recorded in accounts payable and accrued liabilities. 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.

A reconciliation of the balance outstanding at March 31, 2024 is as follows:

Balance, December 31, 2021	**$**	**139,865**
Accretion expense		2,077
Foreign exchange adjustment		5,802
Balance, March 31, 2023		**147,744**
Accretion expense		1,730
Foreign exchange adjustment		120
Total loan balance, March 31, 2024		**149,594**
Less: current portion		(4,261)
Non-current balance, March 31, 2024	**$**	**(145,333)**

b) On September 15, 2020, 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.

A reconciliation of the balance outstanding at March 31, 2024 is as follows:

Balance, December 31, 2021	**$**	**44,878**
Loan repayments		(25,148)
Interest		4,586
Foreign exchange adjustment		2,292
Balance, March 31, 2023		**26,608**
Loan repayments		(20,691)
Interest		1,912
Foreign exchange adjustment		(59)
Total loan balance, March 31, 2024		**7,770**
Less current portion		(7,770)
Non-current balance, March 31, 2024	**$**	**-**

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

(Expressed in Canadian Dollars)

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. On January 1, 2024, the Second Amended Facility was amended (the "Third Amended Facility"), to increase the balance that could be borrowed under the facility up to USD$800,000. The Third Amended Facility bears interest at 6% and the outstanding balance, if any, is due on or before December 31, 2025.

During the twelve months ended March 31, 2024, in measuring the fair value of the facility in alignment with IFRS 9, *Financial Instruments*, the Company recognized an equity component of USD$61,620 (CAD$83,084 (2023 - 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 March 31, 2024, USD$782,589 (CAD$1,094,328) was borrowed on the loan facility (March 31, 2023 – USD$633,116 (CAD$856,571)).

A reconciliation of the balance outstanding at March 31, 2024 is as follows:

Balance, December 31, 2021	**$**	**218,701**
Borrowings		1,041,338
Repayments		(436,896)
Equity portion of loans payable		(449,741)
Accretion expense		171,894
Foreign exchange adjustment		38,858
Total loan balance, March 31, 2023		**584,154**
Borrowings		311,597
Repayments		(110,060)
Equity portion of loans payable		(83,084)
Accretion expense		126,456
Foreign exchange adjustment		1,446
Total loan balance, March 31, 2024		**830,509**
Less current portion		-
Non-current balance, March 31, 2024	**$**	**830,509**

As at March 31, 2024, total accrued interest of $9,819 (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 $56,834 (fifteen months ended March 31, 2023 - $34,999) relating to these revolving loan facilities during the twelve months ended March 31, 2024.

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.

(Expressed in Canadian Dollars)

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 twelve months ended March 31, 2024 in connection with this modification.

A reconciliation of the balance outstanding at March 31, 2024 is as follows:

Balance, March 31, 2023	**$**	**-**
Principal amount		134,470
Interest		8,037
Foreign exchange adjustment		961
Total loan balance, March 31, 2024		**143,468**
Less current portion		(143,468)
Non-current balance, March 31, 2024	**$**	**-**

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 March 31, 2024 is as follows:

Balance, March 31, 2023	**$**	**-**
Principal amount		135,420
Loan repayments		(142,923)
Interest		8,090
Foreign exchange adjustment		(587)
Total loan balance, March 31, 2024	**$**	**-**

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.

(Expressed in Canadian Dollars)

A reconciliation of the balance outstanding at March 31, 2024 is as follows:

Balance, March 31, 2023	**$**	**-**
Principal amount		156,848
Loan repayments		(114,499)
Interest		4,818
Foreign exchange adjustment		153
Total loan balance, March 31, 2024		**47,320**
Less current portion		(47,320)
Non-current balance, March 31, 2024	**$**	**-**

h) From January to March 2024, Nepra US received loan proceeds of USD$600,000 (CAD$808,948). The loan bears interest at 6% per annum and was repayable on or before July 31, 2024. The loan is secured by a security interest in all assets of Nepra US.

A reconciliation of the balance outstanding at March 31, 2024 is as follows:

Balance, March 31, 2023	**$**	**-**
Principal amount		808,948
Interest		6,410
Foreign exchange adjustment		3,492
Total loan balance, March 31, 2024		**818,850**
Less current portion		(818,850)
Non-current balance, March 31, 2024	**$**	**-**

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 twelve months ended March 31, 2024

- 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. Each unit consists of one common share and one common share purchase warrant. 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. The fair value of the warrants was determined to be $Nil using the residual method. The Company incurred $7,626 of share issuance costs in the form of legal services, in connection with the financing.
- On January 31, 2024, the Company issued 13,714,760 units as part of the second 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 $685,738. Each unit consists of one common share and one common share purchase warrant. 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 January 31, 2024.

The fair value of the warrants was determined to be $Nil using the residual method. The Company incurred $25,913 of share issuance costs in the form of legal services, in connection with the financing.

During the fifteen months ended March 31, 2023

- On January 24, 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 January 25, 2022, the Company issued 43,932 common shares upon conversion of a Series III convertible note with a fair value of $32,792.
- On March 30, 2022, the Company completed a prospectus offering issuing 10,000,000 units for gross proceeds of $4,500,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of $0.70 for 36 months from the closing date of March 30, 2022. The fair value of the warrants issued as a part of the units was estimated to be $300,000 using the residual value method. In connection with the prospectus offering, the Company incurred cash share issuance costs of $578,732 and issued 641,760 finders' warrants valued at $137,279 in connection with the prospectus offering. The fair value of the finders' warrants was estimated using the Black-Scholes pricing model using the following assumptions: estimated volatility of 97.17%, risk free interest rate of 2.31%, expected life of 3 years, exercise price of $0.70, a dividend yield of 0%, and a share price of $0.42.
- 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 $28,262 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 of the restricted share units on the date of grant.
- 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 8, 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.
- The Company recognized total share-based payments expenses of $659,736.

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.

(Expressed in Canadian Dollars)

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 twelve months ended March 31, 2024:

- 600,000 options with an exercise price of $0.47 were forfeited due to resignation of a former directors and management.
- 250,000 options with an exercise price of $0.47 were forfeited due to the termination of consulting services with two arms-length parties.
- No stock options were granted during the twelve months ended March 31, 2024. The Company did not recognize any share-based payments relating to stock options in the statements of loss and comprehensive loss.

During the fifteen months ended March 31, 2023:

- On January 1, 2022, the Company issued 100,000 stock options with an exercise price of $0.68, an expiry date of January 1, 2027, and that vest as follows: 12.5% on the date of grant, 12.5% on April 1, 2022, 12.5% on July 1, 2022, 12.5% on October 1, 2022, 12.5% on January 1, 2023, 12.5% on April 1, 2023, 12.5% on July 1, 2023 and 12.5% on October 1, 2023. The grant date fair value of these options was $41,269 which was determined using the Black-Scholes Option Pricing Model with the following input: estimated volatility of 77%, risk free interest rate of 1.32%, expected life of 5 years, exercise price of $0.68, a dividend yield of 0%, and a share price of $0.665.
- During the fifteen months ended March 31, 2023, 100,000 options were forfeited.
- The Company recognized share-based payments of $516,564 relating to options in the statement of loss and comprehensive loss.

A reconciliation of stock option activity from December 31, 2021 to March 31, 2024 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	(850,000)	$0.47
Balance, March 31, 2024	**1,200,000**	**$0.47**

Details of the options outstanding as at March 31, 2024, are as follows:

Expiry date	Number of Options Outstanding	Number of Options Vested	Exercise Price
September 17, 2031	1,200,000	1,200,000	$0.47
Balance, March 31, 2024	**1,200,000**	**1,200,000**	**$0.47**

As of March 31, 2024, the weighted average remaining life of outstanding options is 7.47 years.

(Expressed in Canadian Dollars)

Warrants

During the twelve months ended March 31, 2024:

- 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.
- On January 31, 2024, the Company issued 13,714,760 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 January 31, 2024.

During the fifteen months ended March 31, 2023:

- On March 30, 2022, the Company issued 10,000,000 warrants as part of the units issued in the prospectus offering. Each warrant entitles the holder to purchase one common share at an exercise price of $0.70 for 36 months from the closing date of March 30, 2022.
- On March 30, 2022, the Company issued 641,760 finders' warrants valued at $137,279 in connection with the prospectus offering. The fair value of the finders' warrants was estimated using the Black-Scholes Option Pricing Model with the following assumptions: estimated volatility of 97.17%, risk free interest rate of 2.31%, expected life of 3 years, exercise price of $0.70, a dividend yield of 0%, and a share price of $0.42.

A reconciliation of warrant activity from December 31, 2021 to March 31, 2024 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	25,915,860	$0.10
Expired	(879,389)	$0.47
Balance, March 31, 2024	**36,557,620**	**$0.27**

Details of the warrants outstanding as at March 31, 2024 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
January 31, 2026	13,714,760	$0.10
Balance, March 31, 2024	**36,557,620**	**$0.27**

As of March 31, 2024, the weighted average remaining life for outstanding warrants was 1.48 years.

(Expressed in Canadian Dollars)

Restricted Share Units ("RSUs")

During the twelve months ended March 31, 2024

- No RSUs were granted, cancelled or forfeited.
- The Company did not recognize any share-based payments relating to RSUs in the statements of loss and comprehensive loss.

During the fifteen months ended March 31, 2023

- On January 1, 2022, the Company granted 270,000 RSUs to employees of the Company which vest as follows: 25% on April 1, 2022, 25% on July 1, 2022, 25% on October 1, 2022 and 25% on January 1, 2023.
- On January 1, 2022, the Company issued 42,500 common shares upon conversion of 42,500 RSUs with a fair value of $28,262.
- 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 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 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 8, 2022, the Company issued 42,500 common shares upon the conversion of 42,500 RSUs with a fair value of $28,263.
- During the fifteen months ended March 31, 2023, 275,000 RSUs were cancelled/forfeited.
- The Company recognized share-based payments of $143,172 related to RSUs in the statement of loss and comprehensive loss.

A reconciliation of RSU activity from December 31, 2021 to March 31, 2024, 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 2024	**-**	**-**

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 March 31, 2024, included in due from related parties is $9,232 (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 March 31, 2024, included in accounts payable and accrued liabilities is $59,493 (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 March 31, 2024, also included in accounts payable and accrued liabilities is $28,791 (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 March 31, 2024, included in accounts payable and accrued liabilities is $27,722 (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.

As at March 31, 2024, included in accounts payable and accrued liabilities is $72,306 (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 March 31, 2024, also included in accounts payable and accrued liabilities is $79,289 (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 March 31, 2024, included in accounts payable and accrued liabilities is $37,819 (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 March 31, 2024, also included in accounts payable and accrued liabilities is $15,732 (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 March 31, 2024, included in accounts payable and accrued liabilities is $9,726 (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 March 31, 2024, included in accounts payable and accrued liabilities is $2,717 (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 March 31, 2024, included in accounts payable and accrued liabilities is $8,169 (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.

(Expressed in Canadian Dollars)

b) Related party transactions

The Company incurred charges with key members of management during the twelve months ended March 31, 2024 and fifteen months ended March 31, 2023:

		For the twelve months ended March 31, 2024		For the fifteen months ended March 31, 2023
Salaries and benefits	$	781,993	$	1,515,264
Professional fees		79,967		310,390
Share-based payments		-		455,312
	$	**861,960**	**$**	**2,280,966**

c) Revolving loans

During the twelve months ended March 31, 2024, 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 twelve months ended March 31, 2024, the Company was charged $nil (fifteen months ended March 31, 2023 - $13,692) 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 twelve months ended March 31, 2024		For the fifteen months ended March 31, 2023
Advertising and promotion	$	103,450	$	1,041,715
Insurance		84,512		177,566
Meals and entertainment		832		7,949
Office expenses		200,338		271,404
Other rent		257,052		377,308
Equipment rent (Note 10)		21,678		843,714
Repairs and maintenance		9,027		61,518
Shareholder communication		20,584		232,595
Subscriptions and dues		32,300		102,981
Utilities		45,710		67,297
	$	**775,483**	**$**	**3,184,047**

(Expressed in Canadian Dollars)

17. Supplemental Disclosure with Respect to Cash Flows

		For the twelve months ended March 31, 2024		For the fifteen months ended March 31, 2023
Interest paid	$	441,175	$	290,120
Equipment purchases included in accounts payable and accrued liabilities		6,505		2,761
Overdue lease payments		394,743		69,015
Income taxes paid		-		-

18. Income Taxes

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

		For the twelve months ended March 31, 2024		For the fifteen months ended March 31, 2023
Net loss before income taxes	**$**	(4,536,525)	$	(8,308,880)
Statutory income tax rate		27.00%		27.00%
Expected income tax recovery		(1,225,000)		(2,243,000)
Change in statutory, foreign tax, foreign exchange rates and other		279,000		(34,000)
Permanent differences and other		(3,000)		177,000
Changes in temporary differences		67,000		(343,000)
Change in unrecognized temporary differences		882,000		2,443,000
Income tax expense	$	-	$	-

As at March 31, 2024, the Company had the following deferred tax assets and liabilities:

Deferred tax assets (liabilities)		March 31, 2024		March 31, 2023
Non-capital losses		4,302,000		3,487,000
Property and equipment		52,000		102,000
Share issuance costs		359,000		568,000
Other deferred tax assets		297,000		112,000
Unrecognized		(5,010,000)		(4,269,000)
Net deferred tax assets	$	-	$	-

(Expressed in Canadian Dollars)

As at March 31, 2024, the Company had non-capital losses in Canada and the U.S. expiring as follows:

		Canada		U.S.
2040	$	8,000	$	-
2041		2,288,000		-
2042		1,772,000		-
2043		1,338,000		-
2044		204,000		-
Indefinite		-		11,422,000
Total	**$**	**5,610,000**	**$**	11,422,000

The future utilization of the Company's net operating losses to offset future taxable income may be subject to a substantial annual limitation as a result of ownership changes that may have occurred previously or that could occur in the future. The Company recognizes interest and/or penalties related to uncertain tax positions in income tax expense. To the extent accrued interest and penalties do not ultimately become payable, amounts accrued will be reduced and reflected as a reduction of the overall income tax provision in the period that such determination is made. There were no interest or penalties recorded for the twelve months ended March 31, 2024, or the fifteen months ended March 31, 2023. Tax attributes are subject to review, and potential adjustment, by tax authorities.

19. 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 March 31, 2024, 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 year ended March 31, 2024.

20. 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.

(Expressed in Canadian Dollars)

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 consolidated statement of loss and comprehensive loss as at March 31, 2024.

(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 March 31, 2024, 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:

		March 31, 2024		**March 31, 2023**
1 - 60 days	$	321,723	$	303,993
61 - 90 days (past due)		5,088		6,581
Over 90 days (past due)		226,617		21,257
Provision for expected credit losses		(198,718)		-
Total	**$**	**354,710**	**$**	**331,831**

(Expressed in Canadian Dollars)

The Company is exposed to increased credit risk due to major customers that comprise 10% or more of revenue. For the twelve months ended March 31, 2024 and fifteen months ended March 31, 2023, the following revenue was recorded from major customers:

		Twelve months ended March 31, 2024		Fifteen months ended March 31, 2023
Customer A	$	1,648,320	$	2,520,640
Customer B		349,756		2,813,513
Customer C		483,322		189,970
Customer D		588,055		2,560

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. There can be no assurance of continued access to significant debt or equity funding. The following table displays the Company's aging undiscounted obligations as at March 31, 2024:

		Within one year		Between one and five years		More than five years
Accounts payable and accrued liabilities	$	1,823,803	$	-	$	-
Loans payable		1,379,732		1,069,421		-
Lease liability		1,454,466		2,062,983		1,143,255
Total	**$**	**4,658,001**	**$**	**3,132,404**	**$**	**1,143,255**

d) Basis of Fair Value

FINANCIAL ASSETS	Level		March 31, 2024		March 31, 2023
FVTPL					
Cash	1	$	65,925	$	15,064
Restricted Cash	1		-		74,467
Other assets, at amortized cost					
Accounts receivable			418,832		372,079
Due from related parties			9,232		9,225
Total financial assets		**$**	**493,989**	**$**	**470,835**

(Expressed in Canadian Dollars)

FINANCIAL LIABILITIES	Level		March 31, 2024		March 31, 2023
Other liabilities, at amortized cost					
Accounts payable and accrued liabilities			1,823,803		1,620,697
Loans payable			1,997,511		758,506
Total financial liabilities		**$**	**3,821,314**	**$**	**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.

21. 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.

22. Subsequent Events

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. On July 15, 2024, the Company issued 26,445,572 common shares to settle the loan together with all accrued and unpaid interest, being approximately US$970,551.

On June 13, 2024, the Company entered into a loan for gross proceeds of USD$175,000. The Company agreed to repay the lender a total of US$211,750 by making weekly payments of US$5,434. The Company incurred an upfront fee of USD$4,375 for the closing of the agreement. The loan is secured against the Company's accounts receivable.

On July 1, 2024, the Company modified its lease agreement for various production and manufacturing equipment (Note 10). Commencing on July 1, 2024, the Company committed to paying USD$150,000 for the first and second months of the lease term and USD$3,700 monthly thereafter until March 1, 2027. As at the date of these consolidated financial statements, the first and second month commitments have been paid.