Waverunner Capital Inc.

Waverunner Capital Inc.

(Formerly – Chemistree Technology Inc.)

Consolidated Financial Statements

For the years ended June 30, 2024 and 2023

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Waverunner Capital Inc. (formerly Chemistree Technology Inc.)

Opinion

We have audited the accompanying consolidated financial statements of Waverunner Capital Inc. (formerly Chemistree Technology Inc.) (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

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 Consolidated 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 consolidated 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 in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that as at June 30, 2024, the Company has an accumulated deficit of $34,422,551, and has generated no revenues from operations and will require additional funds to meet ongoing obligations and investment objectives. As stated in Note 1, these events and conditions 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 consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated 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 auditor's report.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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 year ended 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 Daniel Nathan.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

August 9, 2024

Waverunner Capital Inc. (Formerly – Chemistree Technology Inc.)
(in Canadian Dollars)

Consolidated Statements of Financial Position

As at June 30,	2024	2023
ASSETS		
Current		
Cash	**$ 203,808**	$ 623,789
Taxes receivable	**17,269**	13,526
Prepaids and deposits	**-**	22,162
	221,077	659,477
Non-current assets		
Investment (Note 14)	**258,145**	298,152
	$ 479,222	$ 957,629
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**164,850**	102,448
Interest payable (Note 5)	**143,525**	108,870
Convertible debentures (Note 8)	**-**	7,209,757
	308,375	7,421,075
Notes payable (Note 5)	**443,959**	443,959
	752,334	7,865,034
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 7)	**31,600,367**	19,706,694
Equity reserves (Notes 7)	**2,549,072**	3,647,036
Deficit	**(34,422,551)**	(30,261,135)
	(273,112)	(6,907,405)
	$ 479,222	$ 957,629

Nature and continuance of operations (Note 1)
Commitments (Note 13)

Approved by the board on August 9, 2024:

Signed: *"Karl Kottmeier"*
Director

Signed: *"Douglas Ford"*
Director

(in Canadian Dollars)

Consolidated Statements of Loss and Comprehensive Loss

For the years ended June 30,		2024		2023
Expenses				
Accretion and finance costs (Note 8)		**774,474**		1,099,713
General and administrative (Note 6)		**49,272**		116,370
Insurance		**1,425**		3,915
Interest expense (Note 5)		**34,654**		45,557
Management fees (Note 6)		**426,000**		713,280
Professional fees		**147,886**		112,696
Transfer agent and regulatory fees		**49,232**		50,675
Foreign exchange		**(7,254)**		(29,104)
Interest income		**-**		(13)
Gain on disposal of assets held for sale (Note 4)		**-**		(42,823)
Gain on sale of Marketable Securities		**-**		(5,218)
Other income		**(6,772)**		(15,754)
Loss	**$**	**1,468,917**	**$**	2,049,294
Other loss (gain)				
Gain on interest settlement (Note 8)		**(455,841)**		(636,932)
Loss on restructuring of convertible debt (Note 8)		**3,267,320**		-
Recovery of note receivable (Note 15)		**(158,987)**		(107,092)
Unrealized loss (gain) on investments (Note 14)		**40,007**		41,411
Loss and comprehensive loss	**$**	**(4,161,416)**	**$**	(1,346,681)
Basic and diluted loss per share	**$**	**(0.25)**	**$**	(0.25)
Weighted average number of shares outstanding - basic and diluted		**16,407,007**		5,389,119

Waverunner Capital Inc. (Formerly – Chemistree Technology Inc.)
(in Canadian Dollars)

Consolidated Statements of Cash Flows

For the years ended June 30,		2024		2023
OPERATING ACTIVITIES				
Loss for the year	$	**(4,161,416)**	$	(1,346,681)
Items not affecting cash:				
Accrual of interest payable		**34,655**		29,184
Unpaid interest settled with common shares		**514,593**		761,623
Gain on interest settlement		**(455,841)**		(636,931)
Gain on marketable securities		**-**		(5,218)
Accretion of convertible debentures		**259,880**		338,090
Accretion of lease (net)		**-**		619
Foreign exchange		**-**		(20,014)
Gain on disposal of asset held-for-sale		**-**		(42,823)
Loss on restructuring of convertible debt		**3,267,320**		-
Change in fair value of investment through profit or loss		**40,007**		41,411
Changes in non-cash working capital items:				
Receivables and prepaids		**18,419**		13,940
Accounts payable and accrued liabilities		**62,402**		34,317
Cash used in operating activities		**(419,981)**		(832,483)
INVESTING ACTIVITIES				
Investment		**-**		(299,130)
Proceeds from disposal of investments		**-**		37,866
Proceeds from disposal of assets		**-**		677,035
Cash provided (used) in investing activities		**-**		415,771
FINANCING ACTIVITIES				
Lease payments made		**-**		(85,170)
Lease payments received		**-**		85,170
Cash provided by (used in) financing activities		**-**		-
Change in cash and cash equivalents during the year		**(419,981)**		(416,712)
Cash and cash equivalents, beginning of year		**623,789**		1,040,501
Cash and cash equivalents, end of year	$	**203,808**	$	623,789
Cash paid for:				
Interest	$	**-**	$	-
Income taxes	$	**-**	$	-

Cash and cash equivalents comprises:		**2024**		2023
Cash	$	**203,808**	$	623,789
Cash equivalents		**-**		-
	$	**203,808**	$	623,789

Supplemental disclosure with respect to cash flows (Note 11)

(in Canadian Dollars)

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the years ended June 30,

	Number of shares	Share capital	Equity reserves	Deficit	Total
Balance, June 30, 2022	4,966,684	$ 19,282,490	$ 3,668,057	$ (28,914,454)	$ (5,963,907)
Shares issued upon debenture conversions	59,600	299,512	(21,021)	-	278,491
Shares issued in lieu of cash interest payments	1,523,246	124,692	-	-	124,692
Loss for the year	-	-	-	(1,346,681)	(1,346,681)
Balance, June 30, 2023	6,549,530	$ 19,706,694	$ 3,647,036	$ (30,261,135)	$ (6,907,405)
Shares issued upon debenture conversions	164,600	859,691	(58,054)	-	801,637
Shares issued in lieu of cash interest payments	1,029,186	58,752	-	-	58,752
Shares issued upon debt restructuring	66,680,000	10,975,230	(1,039,910)	-	9,935,320
Loss for the year	-	-	-	(4,161,416)	(4,161,416)
Balance, June 30, 2024	**74,423,316**	**$ 31,600,367**	**$ 2,549,072**	**$ (34,422,551)**	**$ (273,112)**

1. NATURE AND CONTINUANCE OF OPERATIONS

Waverunner Capital Inc. (Formerly – Chemistree Technology Inc.) (the "Company) was incorporated in the Province of British Columbia on March 14, 2008, under the Business Corporations Act of British Columbia. The name change to Waverunner Capital Inc. became effective June 24, 2024. The Company's head office is located at Suite 208 – 828 Harbourside Drive, North Vancouver, British Columbia.

The Company is a venture capital investment company whose strategy is to focus on opportunistic investments across a broad range of industries, and is seeking to invest in early stage, promising companies where it may be the lead investor and can additionally provide investees with advisory services, mentoring and access to the Company's management expertise. The Company operates as an investment company, rather than an investment fund. The Company seeks to invest wherever practicable for the purpose of being actively involved in the management of any target company in which it invests, including seeking board representation or board observation rights.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The ability of the Company to continue to operate as a going concern is dependent on its ability to generate profitable operations and positive cash flows. As at June 30, 2024, the Company has an accumulated deficit of $34,422,551. To date, the Company has generated no revenues from operations and will require additional funds to meet ongoing obligations and investment objectives. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements of the Company have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB").

Effective June 24, 2024, the Company consolidated its common share capital on a 10-old for 1-new basis, whereby each ten old shares are equal to one new share without par value. All references to common shares, stock options, warrants and weighted average number of shares outstanding in these consolidated financial statements reflect the share consolidation unless otherwise noted.

Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or 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. These consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries, with intercompany balances and transactions eliminated on consolidation. Subsidiaries are those entities over which the Company has control, which exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity and is exposed to the variable returns from its activities. As of June 30, 2024, the Company has no subsidiaries, as its only subsidiary, American CHM Investments Inc. was wound-up during the year.

3. MATERIAL ACCOUNTING POLICIES

Cash and cash equivalents
The Company considers all highly liquid instruments, generally with a maturity of three months or less at the time of issuance, to be cash equivalents.

Critical accounting estimates and judgments
The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

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

Judgments:

The preparation of these consolidated financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 1.

Estimates:

Valuation of investments

The Company recognizes and carries its investments at fair value. Fair value is determined on the basis of market prices from independent sources, if available. If there is no market price, then the fair value is determined by using valuation models with inputs derived from observable market data where possible, but where observable data is not available, judgment is required to establish fair values. There is inherent uncertainty and imprecision in estimating the factors that can affect fair value, and in estimating fair values generally, when observable data is not available. Changes in assumptions and inputs used in valuing financial instruments could affect reported fair values.

Deferred income taxes

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. At the end of each reporting period, the Company reassesses unrecognized income tax assets.

Basic and diluted loss per share
The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Financial instruments

Financial assets:

Financial assets are classified at initial recognition as either: amortized cost, fair value through profit or loss (“FVTPL”), or fair value through other comprehensive income ("FVTOCI"). The classification depends on the Company’s business model for managing the financial assets and the contractual cash flow characteristics. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

Fair value through profit or loss – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise.

Fair value through other comprehensive income (“FVTOCI”) - Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost - A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Financial liabilities:

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company’s accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest rate method.

The Company has classified its cash and investment as fair value through profit and loss. The Company’s accounts payable and accrued liabilities, interest payable, convertible debentures, and notes payable are classified as other financial liabilities.

Share Capital
Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company, in addition to the proportionate amount of equity reserves originally created at the issuance of the stock options or warrants.

Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from the issuance of units are allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to common shares based on the fair value of a common share at the issuance date of the unit offering and any residual remaining is allocated to common share purchase warrants. All professional fees and commissions incurred directly with the issue of the Company's shares are charged directly to share capital as share issue costs. Warrants issued to agents in connection with a financing are recorded at fair value and charged to share capital as a share issue cost an offsetting entry to equity reserves within shareholders' equity.

Foreign exchange

The functional and reporting currency of the Company and its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates.*

Transactions denominated in other currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction date. Carrying values of monetary assets and liabilities denominated in foreign currencies are adjusted at the statement of financial position date to reflect exchange rates prevailing at that date. Non-monetary assets and liabilities are translated at historical exchange rates. Gains and losses on translation are included in determining profit or loss for the year.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share-based payments

The fair value of stock options granted is recognized as share-based payment expense with a corresponding increase in equity reserves. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest. In situations where equity instruments are issued to consultants and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received

<u>Assets held for sale</u>
Non-current assets held for sale and disposal groups are presented separately in the current section of the statement of financial position when management is committed to immediately sell the asset or disposal group in its present condition, and this distribution is highly probable and expected to be completed within one year. Immediately before the initial classification of the asset and disposal groups as held for sale, the carrying amounts of the assets, or all the assets and liabilities in the disposal groups, are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets classified as held for sale are not depreciated or amortized, however interest and other expenses attributable to the liabilities of the disposal group continue to be recognized. Upon sale of the disposal group, a gain or loss is recognized in profit and loss as the difference between the fair value of the consideration received and the carrying amount of the disposal group on the date of derecognition.

<u>New Accounting Standards – Upcoming</u>
Certain 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 financial statements.

On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements, to clarify the classification of liabilities as current or non-current. For the purposes of non-current classification, the amendments removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must have substance and exist at the end of the reporting period. The amendments also clarify how a company classifies a liability that includes a counterparty conversion option. The amendments state that:

- settlement of a liability includes transferring a company's own equity instruments to the counterparty, and

- when classifying liabilities as current or non-current a company can ignore only those conversion options that are recognized as equity.

The amendments are effective for annual periods beginning on or after January 1, 2024. Early adoption is permitted. The Company does not anticipate the adoption of the new standard to impact the financial statements.

<u>New Accounting Standards - Adopted</u>

In the current year, the Company has applied the below amendments to IFRS Accounting Standards as issued by the International Accounting Standards Board. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments— Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policies." Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

(in Canadian dollars)

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments were applied effective July 1, 2023 and did not have a material impact on the Company's financial statements.

4. ASSETS AND LIABILITIES HELD FOR SALE

Washington Assets

The Washington Assets are a group of assets the Company acquired in 2018, consisting primarily of equipment, a commercial lease and a sub-lease agreement, which were operated through the Company's formerly wholly owned Chemistree Washington subsidiary.

In 2022, a Share Purchase Agreement with an arms-length party, whereby the Company sold 100% of Chemistree Washington to the other party in exchange for consideration of US$500,000 ($677,035) was entered into. Additionally, terms included the transfer of a Tier 3 recreational marijuana producer/process license, from the Company's sub-lessee to the purchaser. This agreement closed on December 30, 2022.

The Washington Assets were classified as a disposal group held for sale at June 30, 2022.

As at	**Dec 30, 2022**	June 30, 2022
ASSETS		
Cash	$ **-**	$ 7,481
Accounts Receivable	**39,010**	69,058
Prepaid Expenses	**26,584**	26,588
Investment in Leases - Current	**154,105**	138,567
Equipment	**848,312**	848,312
Investment in Leases – Non Current	**83,840**	155,173
Sub-total	**1,151,851**	1,245,179
Change in fair value of assets available for sale	**(258,858)**	(301,681)
Assets held for sale	**892,993**	943,498
LIABILITIES		
Accounts Payable and Accrued Liabilities	**6,590**	6,897
Lease Liability – Current	**153,102**	137,312
Lease Liability – Non Current	**83,685**	154,726
Liabilities held for sale	**243,377**	298,935
Net assets held for sale	**649,616**	644,563
Impact of FX on proceeds	**27,419**	
NET REALIZABLE VALUE	**677,035**	

(in Canadian dollars)

For the year ended June 30, 2023, the Company recorded a gain on disposal of assets held for sale of $42,823 based on the change in fair value of the disposal group between the previous reporting date on June 30, 2022 and the disposal date on December 30, 2022.

5. NOTES PAYABLE

Effective July 17, 2017, the Company issued unsecured Promissory Notes (the "Notes") to arm's length parties, and a former related party, for borrowings from those parties. The Notes mature on July 17, 2027, and bear interest at the Canadian prime rate plus 0.5% per annum, payable annually.

	Principal $
Balance, June 30, 2022	443,959
Additions	-
Balance, June 30, 2023	443,959
Additions	-
Balance, June 30, 2024	**443,959**

As at June 30, 2024, accrued and unpaid interest on these Notes amounts to $143,525 (2023: $108,870), which is presented as interest payable.

6. RELATED PARTY TRANSACTIONS AND BALANCES

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

During the years ended June 30, 2024 and 2023, the Company entered into transactions with key management personnel and related parties as follows:

Related party	Nature of transactions
Pacific Equity Management Corp. ("PEMC")	Rent and shared office expenses commenced under a separate agreement on July 1, 2017.
Contact Financial Corp. ("CFC")	Investor relations and communication services commenced under separate agreement on July 10, 2018.
Sheldon Aberman ("Aberman"), former director	Fees for services provided by a former Director.
Nicholas Zitelli ("Zitelli"), former director	Fees for services provided by a former Director.

The aggregate value of transactions involving key management personnel were as follows:

	2024	**2023**
Management fees[(1)]	$ 360,000	$ 360,000

[(1)] Effective March 1, 2021 agreements were executed with the CEO and President provides services at $10,000 per month; the CFO/Secretary at $10,000 per month; and the VP Corporate Development at $10,000 per month. All of the March 1, 2021 agreements can be terminated by either party with six months' notice.

(in Canadian dollars)

The aggregate value of transactions with other related parties were as follows:

	2024	2023
Rent (general and administrative)[2]	$ 30,000	$ 30,000

[2] The Company is required to pay $2,500 per month to PEMC (2020: $2,500 per month). The agreement with PEMC can be terminated by either party with six months' notice.

The aggregate value of transactions with other related parties were as follows:

	2024	2023
Marketing (general and administrative) [3]	$ -	$ 43,200

[3] Company is required to pay $3,600 per month to CFC effective March 1, 2021. Effective July 1, 2023, the agreement has been suspended indefinitely.

The aggregate value of transactions with other related parties were as follows:

	2024	2023
Management fees [4]	$ -	$ 287,280

[4] The Company was required to pay $US 24,000 per month to Aberman until February 28 2021. Effective March 1, 2021, the monthly amount was reduced to US$18,000 per month for third party consulting services. Effective December 31, 2023, the Company negotiated the termination of this agreement as of June 30, 2023.

In aggregate, amounts due to Related parties at the year-end are as follows:

	2024	2023
Aberman	$ -	$ 48,247
Total	$ -	$ 48,247

7. SHARE CAPITAL AND EQUITY RESERVES

a) Authorized: Unlimited common shares without par value

b) Issued common shares

Year ended June 30, 2024 (see Note 8)

The Company issued 1,029,186 common shares in lieu of cash pursuant to the convertible debt interest obligation of the Company representing $514,593.

The Company issued 164,600 common shares pursuant to the conversion of 823 convertible debentures representing $823,000 in debt obligation of the Company. Upon this conversion, $859,691 was reclassified from convertible debentures and equity reserves to share capital.

In satisfaction of the maturity of the convertible debt on March 29, 2024, the Company issued 66,680,000 common shares to retire $6,668,000 in debt obligation pursuant to a restructuring transaction approved by convertible debenture holders at a meeting of those holders on April 26, 2024. Upon this conversion, $10,975,230 was reclassified from convertible debentures and equity reserves to share capital.

Year ended June 30, 2023

The Company issued 1,523,246 common shares in lieu of cash pursuant to the convertible debt interest obligation of the Company representing $761,623.

(in Canadian dollars)

The Company issued 59,600 common shares pursuant to the conversion of 298 convertible debentures representing $298,000 in debt obligation of the Company. Upon this conversion, $299,512 was reclassified from convertible debentures and equity reserves to share capital.

c) Warrants:

As at June 30, 2024 and 2023, no warrants were outstanding and exercisable.

d) Options:

The Company has a Stock Option Plan (the “Plan”) that allows it to give to eligible persons, as additional compensation, the opportunity to participate in the success of the Company by granting to such individuals stock options, exercisable over periods of up to five years, as determined by the board of directors of the Company, to buy shares of the Company at a price equal to the market price prevailing on the date the stock option is granted less applicable discount, if any, permitted by the policies of the Canadian Securities Exchange and approved by the Board. The maximum number of Shares which may be issuable pursuant to options granted under the Plan shall be that number equal to 10% of the Company's issued share capital from time to time.

	Options	Weighted Average Exercise Price $
Balance, June 30, 2022 and 2023	230,000	3.80
Expired/terminated	(165,000)	5.10
Balance, June 30, 2024	**65,000**	**0.60**

As at June 30, 2024, the following stock options were outstanding and exercisable:

Number	Exercise Price	Expiry Date	Remaining Contractual Life (in years)
65,000	$0.60	April 9, 2025	0.78

These options entitle the holder thereof the right to acquire one common share for each option held. The weighted average remaining life of the outstanding stock options is 0.78 years.

8. CONVERTIBLE DEBENTURE

On March 29, 2019, the Company completed a short form prospectus offering and a concurrent private placement of 10% unsecured debenture units (the “Debenture Units”) of the Company, for total gross proceeds of $10,830,000. Each debenture is convertible at the option of the holder into common shares of the Company at a conversion price of $5.00 per common share, subject to adjustment in certain events. Upon conversion, holders will receive accrued and unpaid interest up to and including the date of conversion.

On January 17, 2022, (the “effective date”), the Company entered into a Supplemental Indenture agreement with the Debenture Trustee, Odyssey Trust Company. Under the Supplemental Indenture the terms of the convertible debenture were changed to provide for the Company, in its sole discretion, to pay the interest due on the debentures in cash or through the issuance of its common shares at the higher of the market price of the common shares in effect on the date of the common share interest payment election notice, and $0.50 per share; and to extend the term of the convertible debentures by twenty-four (24) months to March 29, 2024. All other terms of the debentures under the Indenture remain unchanged.

(in Canadian dollars)

Following maturity of the debentures on March 29, 2024, at an extraordinary meeting of the holders of the 10% senior unsecured convertible debentures of the Company completed on April 26, 2024, the holders of the debentures approved the repayment of all of the issued and outstanding debentures in the aggregate principal amount of $6,668,000 and extinguishment of all the debenture holders' rights and claims under the debentures; by way of issuance of common shares in the capital of the Company at $0.10 per share.

In accordance with IAS 32, the Company recognized a $3,267,320 loss on the date the debentures were amended to have a more favourable conversion ratio to the holders, based upon the fair value of the consideration the holders receive on conversion of the debentures under the revised terms and the fair value of the consideration the holders would have received under the original terms.

During the year ended June 30, 2024, the Company incurred interest expense on the debentures of $514,593 (2023 - $761,623), of which $514,593 (2023: $761,623) was paid in common shares and $nil (2023: $nil) in cash.

Continuity of the convertible debentures as shown below:

	Liability Component		**Equity Component**
	Face Value	Carrying Value	Carrying Value
Balance as at June 30, 2022	$ 7,789,000	$ 7,150,159	$ 1,118,985
converted	(298,000)	(278,492)	(21,021)
accretion	-	338,090	-
Balance as at June 30, 2023	$7,491,000	$7,209,757	$1,097,964
converted	(823,000)	(801,637)	(58,054)
accretion	-	259,880	-
loss on restructuring	-	3,267,320	-
converted re debt settlement	(6,668,000)	(9,935,320)	(1,039,910)
Balance as at June 30, 2024	$ -	$ -	$ -

9. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to pursue and complete the identification and evaluation of assets, properties, investments or businesses with a view to acquisition or participation in a transaction where it may be the lead investor and can additionally provide investees with advisory services, mentoring and access to the Company's management expertise, to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital is comprised of the Company's shareholders' equity. There were no changes made to the Company's capital management approach during the years presented.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or adjust the amount of cash and cash equivalents.

The Company operates as an investment company, rather than an investment fund. The Company seeks to invest wherever practicable for the purpose of being actively involved in the management of any target company in which it invests, including seeking board representation or board observation rights.

10. FINANCIAL INSTRUMENTS, FAIR VALUE MEASUREMENT AND RISK

a) Financial Instruments

The Company's financial instruments consist of cash, investment, accounts payable and accrued liabilities, interest payable and notes payable.

b) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included in 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 – inputs for the asset or liability that are not based on observable market date (unobservable inputs).

The fair value of cash is determined based on Level 1 inputs which consist of quoted prices in active markets for identical assets. The carrying values of accounts payable and accrued liabilities, interest payable and notes payable all approximate their fair values.

The fair value of the Investment is determined based on Level 1, 2 and 3 inputs, described in Note 15.

c) Financial Risks

(i) Credit Risk
Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's maximum exposure to credit risk is $203,808, consisting of cash and cash equivalents. The Company limits its exposure to credit loss for cash and cash equivalents by placing such instruments with high credit quality financial institutions. The values of these instruments may exceed amounts insured by an agency of the Government of Canada. In management's opinion, the Company's credit risk related to these instruments, is low.

(ii) Liquidity Risk (see Notes 5 and 8)
The Company's approach to managing liquidity risk is to ensure that it will have sufficient financial resources to meet liabilities when due. As at June 30, 2024, the Company had working capital deficit of $87,298. Except for notes payable, all of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. As at June 30, 2024, the Company has insufficient working capital to discharge its existing financial obligations, refer to Note 1 for detail regarding going concern.

Below are the carrying amounts of the Company's note payables during the period:

	Principal $
2027	443,959
Total	**443,959**

(iii) Interest Rate Risk
The Company is subject to interest rate risk as its cash and cash equivalents and its notes payable bear interest at variable rates. The impact of a 1% change in interest rates would have an insignificant impact on the Company's profit or loss.

(iv) Foreign Currency Risk
Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Amounts subject to currency risk are primarily cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities denominated in United States dollars. A 10% change in foreign exchange rates is expected to have a US$ 233 impact on the Company's profit or loss.

(v) Price Risk
Price risk is the risk of variability in fair value due to movements in equity or market prices. As at June 30, 2024, the Company is exposed to this risk with respect to its Investments. A 10% increase/decrease in the price of Investments would impact net loss by approximately $25,815.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the year ended June 30, 2024, the Company:

- Reclassified $801,637 into share capital from convertible debentures and $58,054 from equity reserves upon conversion of debentures (Note 8).
- Reclassified $9,935,320 into share capital from convertible debentures and $1,039,910 from equity reserves upon conversion of debentures (Note 8).

During the year ended June 30, 2023, the Company:

- Reclassified $299,512 into share capital from convertible debentures and equity reserves upon conversion of debentures (Note 8).

12. SEGMENTED INFORMATION

The Company operates in one reportable segment, being the business of investment in early stage companies. As at June 30, 2024 and 2023, with the exception of one investment (Note 14) held in Canada, all the Company's non-current assets were located in the United States.

13. COMMITMENTS

As at June 30, 2024, the Company's commitments are as follows:

- CEO and President $10,000 per month for management services
- CFO and Secretary $10,000 per month for management services
- VP Corporate Development $10,000 per month for management services
- Accountant $5,500 per month for accounting services

(in Canadian dollars)

- PEMC $2,500 per month for rent and office services

14. INVESTMENTS

The Company's equity investments are comprised of investments in common shares of Canadian publicly traded and non-public companies. The Company measures its equity investments at fair value through profit or loss ("FVTPL"). The cost and fair values of the equity investments at June 30, 2024 and 2023 are as follows:

		2024		2023
Opening Balance	$	**298,152**	$	73,081
Additions		**-**		299,130
Disposals		**-**		(32,647)
Impairment		**-**		-
Change in fair value gain (loss)		**(40,007)**		(41,412)
Ending Balance	$	**258,145**	$	298,152

a) In the prior year, the Company invested $200,000 into an Ontario limited partnership ("ONLP") formed to invest in long/short equity opportunities for both potential upside and downside expected price moves. The ONLP seeks to generate risk-adjusted returns through investment in companies with durable competitive advantages. ONLP's fair value will be measured monthly through Level 2 inputs.

	2024	2023
Cost	**($ 200,000)**	($ 200,000)
Fair value (Level 2 inputs) 200 units	**151,062**	179,222
Unrealized loss	**($ 48,938)**	($ 20,778)

b) In the prior year, the Company acquired 123,000 common shares of PlantFuel Life Inc. ("FUEL"), a Canadian Securities Exchange listed issuer. The Company invested $99,130 pursuant to a market transaction related to FUEL's private placement of equity. According to the Company's accounting policies, investments must be recorded at fair value. The Company records the FUEL investment as follows:

	2024	2023
Cost	**($78,978)**	($99,130)
Disposal (25,000 shares)	**-**	20,148
Fair value (Level 1 inputs)	**490**	5,880
Unrealized gain (loss)	**($ 78,488)**	($ 73,102)

c) In a previous year, the Company completed a Subscription Agreement with Philippine Metals Inc. ("PHI"), a TSX Venture Exchange listed issuer. The Company invested $174,000 in the PHI private placement of Subscription Receipts at $0.50 per Subscription Receipt. PHI's private Placement was conducted pursuant to PHI's reverse takeover transaction with ReVolve Renewable Power Ltd ("ReVolve"). On March 8, 2022, the reverse takeover was completed, and the Subscription Receipts were converted into shares and warrants of Revolve. Effective March 17, 2022, the common shares of Revolve were listed on the TSX Venture Exchange under the trading symbol: REVV. Pursuant to the Company's accounting policies, investments must be recorded at fair value. The Company records the REVV investment as follows:

(in Canadian dollars)

	2024	2023
Cost	**($161,500)**	($174,000)
Disposal (25,000 shares)	**-**	12,500
Fair value (Level 1 inputs)	**106,590**	113,050
Unrealized gain (loss)	**$ (54,910)**	($ 48,450)

15. NOTE RECEIVABLE

In a prior period, based upon management's assessment of collectability - the Company impaired a Promissory Note related to the operations of the Washington Assets to $nil. The Note was assigned to the Company with a face value of $350,000. During the current period, and as a result of the sale of the Washington Assets, the Company retained counsel and commenced litigation to pursue recovery of value for the Note. On March 9, 2023, the Company's subsidiary American CHM Investments Inc. filed an Answer, Counterclaim and Cross Claim in Case No. 23-2-01552-31 in the Superior Court of the State of Washington for Snohomish County related to the overdue Promissory Note (in default) due to American CHM from the former operator of the Washington Assets. Effective May 13, 2023, the Company entered into a Settlement Agreement and Mutual Release regarding the pending litigation pertaining to the overdue Promissory Note (in default), for a recovery to the Company of $270,000 (US$200,000).

As at June 30, 2024, the full amount of the recovery was received (June 30, 2023, US$80,000 received). The balance of US$120,000 (C$158,986) of the recovery has been booked in the current year against the impairment recorded in a prior year.

16. INCOME TAXES

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

		2024	2023
Loss for the year before tax	$	(4161,416)	(1,346,681)
Computed income taxes (recovery)	$	(1,125,000)	(364,000)
Change in statutory rate		(14,000)	(3,000)
Permanent differences		887,000	(14,000)
Impact of disposal group held for sale		-	8,000
Impact of wind-up of subsidiary		(176,000)	-
Adjustment to prior years provision versus statutory tax returns		(59,000)	(65,000)
Change in unrecognized deductible temporary		487,000	438,000
Total income tax expense (recovery)	**$**	**-**	-
Current income tax	**$**	**-**	-
Deferred tax recovery	**$**	**-**	-

(in Canadian dollars)

The significant components of the Company’s deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

		2024	2023
Deferred tax assets (liabilities)			
Exploration and evaluation assets	$	758,000	758,000
Share issue costs		4,000	7,000
Investment		92,000	146,000
Debt with accretion		-	(76,000)
Note receivable		-	86,000
Allowable capital losses		556,000	-
Start-up costs		-	236,000
Non-capital losses available for future period		4,545,000	4,311,000
	$	5,955,000	5,468,000
Unrecognized deferred tax assets		(5,955,000)	(5,468,000)
Net deferred tax assets		-	-

The significant components of the Company’s temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2024	**Expiry Date Range**	2023	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets	$2,809,000	No expiry date	$ 2,809,000	No expiry date
Share issue costs	16,000	2045 to 2046	25,000	2044 to 2046
Investment	682,000	No expiry date	923,000	No expiry date
Note receivable	-	No expiry date	407,000	No expiry date
Allowable capital losses	2,059,000	No expiry date	-	
Start-up costs	-	No expiry date	1,123,000	No expiry date
Non-capital losses available for future periods	16,832,000	2029-2044	15,686,000	
Canada	$ 16,832,000	2029 to 2044	$ 15,686,000	2029 to 2043
USA	$ -	No expiry date	$ -	No expiry date

Tax attributes are subject to review, and potential adjustment, by tax authorities.