

## NOTICE TO READER

January 17, 2025

### **1325966 B.C. LTD (the “Company”) - Refiling of Audited Annual Consolidated Financial Statements for the Financial Year Ended August 31, 2024**

The audited annual consolidated financial statements of the Company for the financial year ended August 31, 2024 (the “**Annual Financial Statements**”) and appended hereto are being refiled to correct an omission in the Auditor’s Report, which was missing the auditors signature and the name of the engagement partner.

No other changes have been made to the contents of the Annual Financial Statements.

This notice does not form part of the Annual Financial Statements.

**1325966 B.C. LTD.**

**FINANCIAL STATEMENTS**

For The Fifteen Months Period Ended August 31, 2024 and Year Ended May 31, 2023

(Expressed in Canadian Dollars)

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## INDEPENDENT AUDITOR'S REPORT

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To the Shareholders of 1325966 B.C. LTD

### *Opinion*

We have audited the financial statements of 1325966 B.C. LTD (the "company"), which comprise the and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at August 31, 2024 and May 31, 2023 and the financial performance and cash flows for the 15 month period ended August 31, 2024 and 12 month period ended May 31, 2023 in accordance with International Financial Reporting Standards (IFRS).

### *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 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.

### *Emphasis of Matter - Material Uncertainty Relating to Going Concern*

We draw your attention to Note 1 in the financial statements, which indicates that the company incurred a net loss of \$37,494 (2023 \$24,608) during the year ended August 31, 2024 and, as of that date, the company's current liabilities exceeded its total assets by \$62,002 (2023 \$24,508). 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.

### *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 IFRS, 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.

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*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.

The engagement partner on the audit resulting in this independent auditor's report is Joozer Karimjee, CPA, CA.

*Bassi & Karimjee LLP*

Brampton, Ontario  
January 8, 2025

Chartered Professional Accountants  
Licensed Public Accountants

**1325966 B.C. LTD.****Statements of Financial Position**

(Expressed in Canadian dollars)

	August 31, 2024	May 31, 2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 73	40
TOTAL ASSETS	\$ 73	40
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 26,162	22,473
Loans (Note 8)	30,413	
Due to the related party (Note 9)	5,500	2,075
TOTAL LIABILITIES	62,075	24,548
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	100	100
Retained earnings	(62,102)	(24,608)
TOTAL SHAREHOLDERS' EQUITY	(62,002)	(24,508)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 73	40

**Nature of operations and going concern (Note 1)****Subsequent events (Note 12)**

These financial statements were approved for issue by the Board of Directors on January 8, 2024 and are signed on its behalf by:

"Donald Gordon"

Director

"William Gordon"

Director

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

**1325966 B.C. LTD.****Statements of Loss and Comprehensive Loss**

(Expressed in Canadian dollars)

	For the Fifteen Months Ended August 31, 2024	For the Twelve Months Ended May 31, 2023
<b>EXPENSES</b>		
Administrative	\$ 4,200	-
Interest and bank charges (Note 8)	1,525	60
Professional fees (Note 9)	28,028	18,464
Transfer agent and regulatory	3,741	6,084
<b>TOTAL EXPENSES</b>	<b>37,494</b>	<b>24,608</b>
<b>LOSS FROM OPERATIONS</b>	<b>\$ (37,494)</b>	<b>(24,608)</b>
<b>TOTAL OTHER ITEMS</b>	<b>-</b>	<b>-</b>
<b>COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(37,494)</b>	<b>(24,608)</b>
Earnings (loss) per share - basic and diluted	\$ (0.003)	(0.002)
Weighted average number of common shares outstanding	14,403,698	14,403,698

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

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1325966 B.C. LTD.

**Statements of Changes in Shareholders' Deficit**

(Expressed in Canadian dollars)

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	Number of outstanding shares	Share capital	Retained earnings	Total shareholders' equity
<b>Balance, May 31, 2022</b>	<b>100</b>	<b>\$ 100</b>	<b>\$ -</b>	<b>\$ 100</b>
Share cancelation	(100)	(100)	-	(100)
Share issuance	14,403,698	100	-	100
Net Income (loss)	-	-	(24,608)	(24,608)
<b>Balance, May 31, 2023</b>	<b>14,403,698</b>	<b>100</b>	<b>(24,608)</b>	<b>(24,508)</b>
Net Income (loss)	-	-	(37,494)	(37,494)
<b>Balance, August 31, 2024</b>	<b>14,403,698</b>	<b>\$ 100</b>	<b>\$ (62,102)</b>	<b>\$ (62,002)</b>

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

**1325966 B.C. LTD.****Statements of Cash Flows**

(Expressed in Canadian dollars)

	Fifteen Months Ended August 31, 2024	Twelve Months Ended May 31, 2023
Cash and cash equivalents provided by (used in): OPERATING ACTIVITIES		
Net income (loss) for the period	\$ (37,494)	(24,608)
Change in Accounts Payable	3,689	22,473
Net cash used in operating activities	(33,805)	(2,135)
INVESTING ACTIVITIES		
	-	-
Net cash provided by (used in) investing activities	-	-
FINANCING ACTIVITIES		
Loans	30,413	-
Due to related party	3,425	2,075
Net cash provided by financing activities	33,838	2,075
Change in cash and cash equivalents	33	(60)
Cash and cash equivalents, beginning	40	100
Cash and cash equivalents, ending	\$ 73	40

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



**1. NATURE OF OPERATIONS AND GOING CONCERN**

1325966 B.C. LTD. ("BC132" or the "Company") was incorporated under the British Columbia *Business Corporations Act* as a wholly-owned subsidiary of a reporting issuer, Explorinvest Capital Corp. ("Explorinvest") on September 27, 2021. On September 7, 2021, Explorinvest and Dawn Asset Global Ltd. entered into a letter of intent (the "LOI") providing for the amalgamation of the Company and Dawn Asset Global Ltd. to form the Issuer to commence operations as a company developing secured Controlled Atmosphere True Vertical™ indoor cultivation facilities.

Explorinvest entered into an arrangement agreement (the "Arrangement Agreement") with its wholly-owned subsidiary: BC132. Under the terms of the Arrangement Agreement, Explorinvest would complete a plan of arrangement (the "Plan of Arrangement") which would divest Explorinvest of the asset consisting of the LOI, which would be divested to the Company in consideration of 14,403,698 common shares of the Company.

Explorinvest received shareholder approval to the Arrangement at an annual general and special meeting of shareholders held on December 17, 2021, and received final approval to the Arrangement from the Supreme Court of British Columbia on January 7, 2022. Shares for the plan of Arrangement have been issued on July 27, 2022.

The Company's registered office is located at Suite 302 - 370 Esplanade East, North Vancouver, British Columbia, V7L 1A4.

On September 11, 2024 the company filed notice to extend its year end to August 31, 2024 from May 31, 2024.

These financial statements were approved for issuance by the Board of Directors of the Company on January 8, 2025.

**Going Concern**

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company's continued existence is dependent upon its ability to raise additional capital, the continuing support of its creditors, and ultimately the attainment of profitable operations and positive cash flows. Failure to obtain sufficient financing or other appropriate arrangements would have an adverse effect on the financial position of the Company and its ability to continue as a going concern. These financial statements do not give effect to adjustments that might be necessary to the carrying values, classification of assets and liabilities, and the reported operating results should the Company be unable to continue as a going concern. For the fifteen months period ended August 31, 2024, the Company incurred an operating loss of \$37,494 (May 31, 2023 \$24,608), accumulated losses of \$62,102 since inception and a working capital deficit of \$62,002 (May 31, 2023 \$24,508).

Management's plan includes continuing to pursue additional sources of financing through equity offerings, seeking joint venture partners to fund exploration programs, and where practical, reducing overhead costs.

## **2. BASIS OF PRESENTATION**

### **[a] Statement of compliance**

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

### **[b] Basis of measurement**

These financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting.

### **[c] Functional and foreign currency**

These financial statements are presented in Canadian dollars, which is the Company's functional currency. Foreign currency transactions are translated into Canadian dollars using the exchange rates at the date of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

### **[d] Significant accounting estimates and judgments**

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company reviews its estimates and underlying assumptions on an ongoing basis.

#### *Critical Judgments*

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- i. Research costs are recognized as an expense when incurred but development costs may be capitalized as intangible assets if certain conditions are met as described in IAS 38 Intangible Assets. Management has determined that development costs do not meet the conditions for capitalization under IAS 38 and all research and development costs have or will be expensed when incurred.
- ii. Management is required to assess the functional currency of the Company. In concluding that the Canadian dollars is the functional currency of the Company, management considered the currency that mainly influences the operating expenditures in the jurisdiction in which the Company operates.

## **2. BASIS OF PRESENTATION (CONTINUED)**

- iii. Management is required to determine whether or not the going concern assumption is appropriate for the Company at the end of each reporting period. Considerations taken into account include available information about the future including the availability of financing and revenue projection, as well as liquidity of its assets, current working capital balance and future commitments of the Company.
- iv. Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets.

### *Estimates*

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

- i. Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxation authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.
- ii. Management uses the Black-Scholes Option Pricing Model for valuation of investment in options and warrants, which requires the input of subjective assumptions including expected price volatility, risk-free interest rates and forfeiture rates. Changes in the input assumptions can materially affect the fair value estimate and the Company's results of operations.

The fair value of accrued liabilities at the time of initial recognition is made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

### **[a] Cash and cash equivalents**

Cash and cash equivalents comprise cash at banks, cash on hand, treasury bills, and highly liquid money market funds convertible into cash in less than one month. Interest income is earned on short term investments recorded as cash equivalents and is recognized when incurred.

### **[b] Financial instruments**

#### *Recognition and measurement*

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). A financial liability is classified as measured at: amortized cost or FVTPL. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Transaction costs are included in the initial carrying value of financial instruments measured at amortized cost and effectively amortized through profit or loss over the life of the instrument. For financial instruments measured at FVOCI, transaction costs are recognized in OCI as part of a change in fair value at the next re-measurement. For financial instruments measured at FVTPL, transaction costs are expensed as incurred.

Financial instruments are recognized initially on trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are offset and the net amount presented in the statement of financial position 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.

**[b] Financial instruments (*continued*)***Classification of financial assets*

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- ☐ the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- ☐ the contractual terms of the financial asset give rise on the specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

*Classification of financial liabilities*

A financial liability is generally measured at amortized cost, with exceptions that may allow for classification as FVTPL or designation at FVTPL. These exceptions include financial liabilities at fair value through profit or loss, such as derivatives that are liabilities, and financial liabilities that have been designated as measured at FVTPL. The Company, at initial recognition, may irrevocably designate a financial liability as measured at FVTPL when doing so results in more relevant in AHSI.

The Company has classified accounts payable and accrued liabilities as measured at amortized cost.

*Derecognition*

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of operations and comprehensive income or loss.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### *Impairment of financial assets*

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

#### [c] Intangible assets

Intangible assets with finite useful lives are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful life. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Amortization is provided on a straight-line basis over the estimated useful lives of the patents which range from 2- 4 years.

#### [d] Impairment of non-financial assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit ("CGU") is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

#### [e] Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. Where the effect of the time value of money is material, provisions will be measured at the present value of the expenditures expected to be required to settle the obligation. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The increase in any provision due to the passage of time is recognized as accretion expense. Each provision will be reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**[f] Share capital**

Common shares and obligation to issue shares are classified as equity. Transaction costs directly attributable to the issue of common shares and common share warrants are recognized as a deduction from equity. Common shares issued for nonmonetary consideration are measured based on their market value at the date the common shares are issued.

The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to the more easily measurable component, the common share, based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in share capital, and any related amount recorded in warrants reserve is transferred to share capital.

**[g] Share-based payments**

The Company grants stock options to directors, officers, employees and service providers. The fair value of the options granted to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized immediately when the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

The fair value of the options granted to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Any consideration received on the exercise of stock options together with the related portion of reserves is credited to share capital.

**[h] Earnings (loss) per share**

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Basic and diluted loss per share is the same for the years presented.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [i] Income taxes

Income tax on profit or loss for the period presented comprises current and deferred tax. 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 as equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to prior years.

Deferred tax is provided using the statement of financial position method, 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 nor taxable profit, 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 date of the statement of financial position.

#### [j] Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the fair value of goods and services provided.

#### [k] Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset over a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the contract and it has the right to direct the use of the asset.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. The right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments, and amounts expected to be payable at the end of the lease term. The Company does not recognize the right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less. The lease payments associated with these leases are charged directly to income on a straight-line basis over the lease term.

As at August 31, 2024, the Company did not have any leases.

**4. RECENT ACCOUNTING PRONOUNCEMENTS**

Various pronouncements have been issued by the International Accounting Standards Board (IASB) or IFRS Interpretations Committee that will be effective for future accounting periods. The company closely monitors new accounting standards as well as amendments to existing standards and assesses what impact, if any, they will have on the financial statements. Most of the standards are not expected to have a material impact to the company but one standard that is applicable and currently being evaluated is summarized below.

In February 2021, the IASB issued narrow-scope amendments to IAS 1, Presentation of Financial Statements, IFRS Practice Statement 2, Making Materiality Judgements, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The amendments require the disclosure of material accounting policy information rather than disclosing significant accounting policies, and clarify how to distinguish changes in accounting policies from changes in accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023, although earlier application was permitted. We are currently assessing the impacts of the amended standards but do not expect a significant impact to our financial disclosures

**5. CAPITAL STOCK****a) Authorized**

There are an unlimited number of common shares without par value authorized for issue.

**b) Issued**

100 incorporator shares were issued to Explorinvest for \$100 on March 11, 2021.

14,403,698 shares were issued under the plan of arrangement in exchange for 100 incorporation shares on July 7, 2022.

**c) Stock option plan**

The company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of five periods from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

As at and during the period ended August 31, 2024, no options were granted or outstanding.



**1325966 B.C. LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED AUGUST 31, 2024 AND MAY 31, 2023**  
(Expressed in Canadian dollars)

**6. INCOME TAXES**

The Company's provision for income taxes differs from the amounts computed by applying the combined Canadian federal and provincial income tax rates of 27% (2023: 27%) to the loss as a result of the following:

	<b>2024</b>	<b>2023</b>
Loss for the year	\$ (37,494)	\$ (24,608)
Computed income taxes recovery at statutory rate of 27%	(10,123)	(6,644)
Change in unrecognized deferred tax assets	10,123	6,644
	<b>\$ -</b>	<b>\$ -</b>

The tax effects of temporary timing differences that give rise to significant components of the deferred tax assets and liabilities are as follows:

	<b>2023</b>	<b>2022</b>
Non-capital losses	\$ 37,494	\$ 24,608
Unrecognized deferred income tax assets	(37,494)	(24,608)
Total unrecognized deferred income tax assets	<b>\$ -</b>	<b>\$ -</b>

The Company has non-capital losses for income tax purposes of approximately \$62,102 (2023 - \$24,608), which may be available to reduce taxable income in future years. The potential benefit of these losses has not been recognized as a deferred tax benefit, as currently it is not probable that such benefit will be utilized in the foreseeable future. These losses expire as follows:

<b>Years of Expiry</b>	
2043	\$ 24,608
2044	37,494
<b>Total</b>	<b>\$ 62,102</b>

**7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

*Fair value Measurement*

The Company classifies its financial instruments using a fair value hierarchy as a framework for disclosing fair value of financial instruments based on inputs used to value the Company's investments. The hierarchy of inputs and description of inputs is described as follows:

Level 1: Unadjusted quoted prices 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 that are not based on observable market data.

**1325966 B.C. LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED AUGUST 31, 2024 AND MAY 31, 2023**  
(Expressed in Canadian dollars)

**7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

<b>Financial Instruments</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
August 31, 2024				
Cash and cash equivalents	73	-	-	73
<b>Total</b>	<b>\$ 73</b>	<b>\$ -</b>	<b>\$ -</b>	<b>73</b>
May 31, 2023				
Cash and cash equivalents	40	-	-	40
<b>Total</b>	<b>\$ 40</b>	<b>\$ -</b>	<b>\$ -</b>	<b>40</b>

Fair values of the Company's financial instruments, which consist of cash, accounts payable, approximate their carrying value due to the relatively short-term maturity of these investments.

The Company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Company's risk exposure and concentration as of August 31, 2024.

**(a) 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. As at August 31, 2024, the Company had \$26,162 accounts payable and accrued liabilities, \$30,413 loans and \$5,500 due to related party (Chief Executive Officer (CEO)) outstanding and the carrying value of cash and cash equivalents was \$73.

**(b) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at August 31, 2024 the Company had a cash balance of \$73 and current liabilities of \$62,075.

**(c) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument denominated in a foreign currency will fluctuate because of changes in foreign exchange rates. The Company's sensitivity to change in foreign currency exchange rates is currently immaterial.

**(d) Interest rate risk**

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

**(e) Strategic and operational risks**

Strategic and operational risks are risks that arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing in financing development. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

**8. LOANS**

During the year ended August 31, 2024, a director advanced a loan in the amount of \$29,000 at an interest rate of 6% for a 12 month term to cover the operational costs of the Company. Interest accrual as of August 31, 2024 was \$1,413.

**9. RELATED PARTY TRANSACTIONS**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

For the year ended August 31, 2024, the Company incurred \$12,600 (May 31, 2023-\$NIL) for consulting, management and administration and office fees provided by directors and had \$5,500 (May 31, 2023-\$2,075) due to a related party (Chief Executive Office (CEO)). This amount is non-interest bearing, unsecured and has no specific terms of repayment.

**10. MANAGEMENT OF CAPITAL**

The Company's objectives in managing capital are to ensure sufficient liquidity to finance its corporate administration and working capital. The Company manages its liquidity to minimize shareholder dilution whenever possible. The Company manages its capital through regular board meetings and ongoing review of financial statements. The Company considers shareholders' equity and cash as its capital. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its research and development program. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing. The Company is not subject to any externally imposed capital requirements.

**11. SEGMENTED REPORTING**

The Company has one operating segment- operations as a company developing secured Controlled Atmosphere True Vertical™ indoor cultivation facilities.

**12. SUBSEQUENT EVENTS**

On June 24, 2024 the Company announced the acquisition of two cold storage facilities in two separate parcels in New York State. Closing of the purchase is subject to concluding financing. The right to acquire under the agreement remains open and progress on financing is underway.

On July 31, 2024 the Company announced its intention to acquire all the shares of Technologies SGG Canada Inc. and it is expected a binding agreement will be in the form of an amalgamation of the companies. Both parties to the proposed transaction are diligently working on proceeding with a closing agreement. The company also announced it was changing its name but that has not been concluded.

On August 8, 2024 the company announced its intention to sell up to 12,500,000 shares @\$0.20 per share. Subsequently as of December 23, 2024 it has received and accepted subscriptions for 1,425,000 shares for proceeds of \$280,000 and the offering will continue with multiple closings.

On September 11, 2024 as amended October 10, 2024 the company filed notice to extend its year end to August 31, 2024 from May 31, 2024 and accordingly filed a three and twelve month quarterly statement for the quarter ended May 31, 2024.