CITY VIEW GREEN HOLDINGS INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

(EXPRESSED IN CANADIAN DOLLARS)

Horizon
Assurance LLP

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
City View Green Holdings Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of City View Green Holdings Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of loss and comprehensive loss, changes in shareholders' 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis of 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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 1 in the consolidated financial statements, which describes the events or conditions that indicate the existence of a material uncertainty 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 Matter

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 period. 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 of the Material Uncertainty Related to Going Concern described above, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis for the year ended December 31, 2025, which we obtained prior to the date of this auditor's report.

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. 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 as issued by the IASB, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 that we identify during our audit, including any:

- Significant deficiencies in internal control;
- Identified fraud or suspected fraud; and
- Other matters related to fraud that are, in our judgment, relevant to the responsibilities of those charged with governance.

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

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

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

Horizon Assurance LLP

April 30, 2026
Markham, Ontario

Chartered Professional Accountant
Licensed Public Accountant

City View Green Holdings Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at	December 31, 2025	December 31, 2024
ASSETS		
Current assets		
Cash	**$ 9,487**	$ 114,539
Amounts receivable (note 5)	**5,967**	32,362
Total current assets	**15,454**	146,901
Non-current assets		
Promissory note receivable (note 6)	**60,000**	-
Total non-current assets	**60,000**	-
Total assets	**$ 75,454**	$ 146,901
DEFICIENCY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	**$ 1,550,116**	$ 1,409,362
Loans payable (note 10)	**40,000**	40,000
Due to related parties (note 14)	**143,424**	142,553
Total liabilities	**1,733,540**	1,591,915
Shareholders' deficiency		
Share capital (note 11)	**35,014,936**	34,813,019
Contributed surplus (note 12)	**8,840,100**	8,190,603
Equity portion of convertible loan payable (note 10)	**42,917**	42,917
Deficit	**(45,556,039)**	(44,491,553)
Total shareholders' deficiency	**(1,658,086)**	(1,445,014)
Total shareholders' deficiency and liabilities	**$ 75,454**	$ 146,901

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

Nature of operations and going concern (note 1)
Subsequent events (note 20)

Approved on behalf of the Board:

(Signed) "Rob Fia" Director

(Signed) "Tim Peterson" Director

City View Green Holdings Inc.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended December 31, 2025	Year Ended December 31, 2024
Expenses		
Share-based compensation (note 12)	**$ 534,814**	$ -
Consulting (note 14)	**353,620**	946,071
General and administration	**178,445**	175,482
Professional fees	**132,883**	122,769
Advertising and promotion	**25,034**	-
Rent	**-**	-
Bad debt	**1,170**	-
Interest on loans payable, promissory notes payable, and due to related parties (notes 9, 10 and 14)	**-**	84,739
Total expenses	**1,225,966**	1,329,061
Net loss before interest and undernoted items	**(1,225,966)**	(1,329,061)
Gain on debt settlement (note 8)	**94,330**	768,210
Reversal of impairment of property and equipment (note 7)	**67,150**	172,701
Net loss and comprehensive loss for the year	**$ (1,064,486)**	$ (388,150)
Basic and diluted net comprehensive loss per share (note 15)	**$ (0.02)**	$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	**46,087,390**	35,012,446

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

On July 3, 2025, the Company completed a 10 for 1 share consolidation. The share consolidation has been applied retrospectively and as a result, all shares and per share amounts are stated on an adjusted basis.

City View Green Holdings Inc.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars)

	Share capital					
	Number of shares	Amount	Contributed surplus	Equity portion of convertible loan payable	Deficit	Total
Balance, December 31, 2023	**34,658,738**	**$ 32,206,706**	**$ 8,124,653**	**$ 42,917**	**$ (44,103,403)**	**$ (3,729,127)**
Shares issued for cash	3,297,500	329,750	-	-	-	329,750
Fair value of warrants	-	(65,950)	65,950	-	-	-
Shares issued for debt settlement	7,808,378	2,342,513	-	-	-	2,342,513
Net loss and comprehensive loss for the year	-	-	-	-	(388,150)	(388,150)
Balance, December 31, 2024	**45,764,616**	**$ 34,813,019**	**$ 8,190,603**	**$ 42,917**	**$ (44,491,553)**	**$ (1,445,014)**
Shares issued for cash	4,062,500	325,000	-	-	-	325,000
Share issuance cost	-	(15,188)	6,788	-	-	(8,400)
Fair value of warrants	-	(107,895)	107,895	-	-	-
Share-based compensation	-	-	534,814	-	-	534,814
Net loss and comprehensive loss for the year	-	-	-	-	(1,064,486)	(1,064,486)
Balance, December 31, 2025	**49,827,116**	**$ 35,014,936**	**$ 8,840,100**	**$ 42,917**	**$ (45,556,039)**	**$ (1,658,086)**

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

On July 3, 2025, the Company completed a 10 for 1 share consolidation. The share consolidation has been applied retrospectively and as a result, all shares and per share amounts are stated on an adjusted basis.

City View Green Holdings Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended December 31, 2025	Year Ended December 31, 2024
Operating activities		
Net loss for the year	**$ (1,064,486)**	$ (388,150)
Adjustments for:		
Share-based compensation	**534,814**	-
Accrued interest	**-**	84,739
Gain on debt settlement	**-**	(768,210)
Reversal of impairment of property and equipment	**(67,150)**	(172,701)
Changes in non-cash working capital items:		
Amounts receivable	**26,395**	(28,859)
Accounts payable and accrued liabilities	**140,754**	847,062
Due to related parties	**871**	-
Net cash used in operating activities	**(428,802)**	(426,119)
Investing activities		
Sale of property and equipment	**67,150**	172,701
Promissory note advanced	**(60,000)**	-
Net cash provided by investing activities	**7,150**	172,701
Financing activities		
Proceeds from issuance of shares	**316,600**	329,750
Advances from related parties	**-**	37,864
Net cash provided by financing activities	**316,600**	367,614
Net change in cash for the year	**(105,052)**	114,196
Cash, beginning of year	**114,539**	343
Cash, end of year	**$ 9,487**	$ 114,539

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

1. Nature of operations and going concern

City View Green Holdings Inc. ("City View", and, with its subsidiary, the "Company") was incorporated pursuant to the Canada Business Corporations Act on February 5, 2008. The Company continued into British Columbia from the jurisdiction of Canada, under the *British Columbia Business Corporations Act*, on February 18, 2011. On February 27, 2019, the Company completed a reverse take-over business combination with 2590672 Ontario Inc. ("2590672 Ontario") wherein the Company acquired 100% of the issued and outstanding common shares of 2590672 Ontario and began trading on the Canadian Securities Exchange (the "CSE") under the symbol "CVGR". The Company's registered office is located at 345 Danforth Avenue, Toronto, Ontario, M4K 1N7.

On July 3, 2025, the Company completed a 10 for 1 share consolidation. The share consolidation has been applied retrospectively and as a result, all shares and per share amounts are stated on an adjusted basis.

The Company formulates, produces and sells cannabis edibles and related products.

The consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due. As at December 31, 2025, the Company has an accumulated deficit of $45,556,039 (December 31, 2024 - $44,491,553) and a working capital deficiency of $1,718,086 (December 31, 2024 - working capital deficiency of $1,445,014), and for the year then ended, the Company incurred a net loss of $1,064,486 (year ended December 31, 2024 - net loss of $388,150). In April 2024, the Company announced that it was exiting the retail cannabis space. These conditions raise material uncertainties which cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. While the Company is continuing its best efforts to achieve the above plans, there is no assurance that any such activity will generate funds for operations. The consolidated financial statements do not reflect adjustments to the carrying values and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments may be material.

2. Material accounting policies

Basis of presentation

The Company applies IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The policies applied in these consolidated financial statements are based on IFRSs issued and effective for the year ended December 31, 2025. These consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on April 30, 2026.

The consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company. They have been prepared on the historical cost basis, except for financial instruments that have been measured at fair value through profit and loss (FVTPL).

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

2. Material accounting policies (continued)

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiary.

The subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases. Control is achieved when an investor has power over an investee to direct its activities, exposure to variable returns from an investee, and the ability to use the power to affect the investor's returns.

The results of subsidiaries acquired or disposed of during the years presented are included in the consolidated statements of comprehensive loss from the effective date of control and up to the effective date of disposal or loss of control, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

Revenue recognition

The Company’s accounting policy for revenue recognition under IFRS 15 is to follow a five-step model to determine the amount and timing of revenue to be recognized:

1. Identifying the contract with a customer;
2. Identifying the performance obligations within the contract;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Revenue is recognized when the amount of revenue can be measured reliably, the economic benefits associated with the revenue will flow to the Company, the stage of completion can be measured reliably, and the costs incurred for the transaction can be measured reliably.

Revenue is derived from the sale of the Company's goods. Performance obligations are satisfied upon delivery of the goods to the customers, and the customers receive and accept the goods. Customers are billed and revenue is recognized upon delivery to the customers.

Share-based compensation

The Company accounts for all equity-settled stock-based payments using a fair value based method incorporating the Black-Scholes option pricing model. Under the fair value based method, compensation cost attributable to options granted is measured at fair value at the grant date and is either recorded at the date of grant, in the case of options that vest immediately, or over the vesting period in the case of options that vest over a period of time. In the latter case, the Company estimates forfeitures at the time of grant and the amount recognized as an expense from time to time is adjusted to reflect any changes in the Company’s estimate of the shares that will eventually vest and the effect of any non-market vesting conditions.

The valuation is dependent on a number of estimates, including the risk free interest rate, the level of share volatility, together with an estimate of the level of forfeiture. The level of share volatility is calculated with reference to the historic traded daily closing share price at the date of issue. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

2. Material accounting policies (continued)

Share-based compensation (continued)

Share-based payment arrangements with non-employees in which the Company receives goods or services as consideration are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case they are measured at the fair value of equity instruments granted.

Share-based compensation cost is credited to contributed surplus at fair value based on Black-Scholes at issue date. Such fair values remain in contributed surplus if the options expire or are forfeited but are credited to share capital if exercised.

Provision

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation.

Financial instruments

Recognition

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

Classification and measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

i) those to be measured subsequently at fair value, either through profit or loss (“FVTPL”) or through other comprehensive loss (“FVTOCI”); and
ii) those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive loss (which designation is made as an irrevocable election at the time of recognition).

2. Material accounting policies (continued)

Financial instruments (continued)

After initial recognition at fair value, financial liabilities are classified and measured at either:

i) amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss;
ii) FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
iii) FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

The Company's financial instruments classified and measured as follows:

Cash	FVTPL
Amounts receivable	Amortized cost
Promissory note receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost
Due to related parties	Amortized cost

Impairment

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized costs and debt financial assets carried at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default of past due event;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

2. Material accounting policies (continued)

Financial instruments (continued)

Recognition of allowance of expected credit losses ("ECL") in the statement of financial position

The Company recognizes a loss allowance for ECL on trade receivables that are measured at amortized cost. The Company's applied the simplified approach for trade receivables and recognizes the lifetime ECL for these assets. The ECL on trade receivables is estimated using a provision matrix based on the Company’s historical credit loss experience, adjusted for factors that are specific to the customers, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets measured at amortized cost or FVOCI, the Company recognizes lifetime ECL only when there has been a significant increase in credit risk since initial recognition. If the credit risk on such financial instruments has not increased significantly since initial recognition, the Company measures the loss allowance on those financial instruments at an amount equal to 12-months ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial asset. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial asset that are possible within 12 months after the reporting date. In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Company compares the risk of default occurring on the financial asset at the reporting date with the risk of default occurring at the initial recognition. The Company considers both quantitative and qualitative factors that are supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Irrespective of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise. Despite the foregoing, the Company presumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management purposes, the company considers a financial asset not recoverable if the customer balance owing is 90 days past due and information obtained from the customer and other external factors indicate that the customer is unlikely to pay its creditors in full.

Write off policy

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

2. Material accounting policies (continued)

Financial instruments (continued)

<u>Financial instruments recorded at fair value</u>

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: valuation techniques based on 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: valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Loss per share

Basic and diluted net loss per share are calculated using the weighted average number of outstanding shares. The calculation of diluted loss per share takes into account the potential impact of the exercise of all dilutive instruments (such as stock options and warrants) on the theoretical number of shares using the treasury method. The Company had no dilutive instruments during the years ended December 31, 2025 and 2024.

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.

Income tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets and liabilities are determined on a non-discounted basis, using the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets are recognized to the extent that it is probable that the asset can be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset 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.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

2. Material accounting policies (continued)

Government assistance

Government assistance from the Canada Emergency Business Account ("CEBA") loans under federal COVID-19 response programs are recorded as a liability until there is reasonable assurance that the forgivable portion of the assistance will not be repayable.

New accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2026.

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

In May 2024, the IASB issued amendments to IFRS 9 - Financial Instruments and IFRS 7 - Financial Instruments - Disclosures. The amendments clarify the derecognition of financial liabilities and introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system. The amendments also clarify how to asses the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features and the treatment of non-recourse assets and contractually linked instruments (CLIs). Further, the amendments mandate additional disclosures in IFRS 7 for financial instruments with contingent features and equity instruments classified at FVOCI. The amendments are effective for annual periods starting on or after January 1, 2026.

Presentation and Disclosure in Financial Statements (IFRS 18)

In April 2024, the IASB issued IFRS 18 - Presentation and Disclosure in Financial Statements to improve reporting of financial performance. The new standards replaces IAS 1 - Presentation of Financial Statements. IFRS 18 introduces new categories and required subtotals in the statement of profit and loss and also requires disclosure of management-defined performance measures. It also includes new requirements for the location, aggregation and disaggregation of financial information. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements. Retrospective application is required and early adoption is permitted.

3. Significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. The preparation of the consolidated financial statements also requires management to exercise judgment in the process of applying the accounting policies.

Critical accounting estimates

Share-based compensation – management is required to make a number of estimates when determining the compensation expense resulting from share-based transactions, including the forfeiture rate and expected life of the instruments.

Warrants – management is required to make a number of estimates when measuring the value of warrants including expected life of the instruments.

Critical judgments in applying accounting policies

Income taxes – measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only become final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements.

Going concern – the assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements as discussed in note 1.

4. Capital risk management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and financial markets in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, or adjusting spending. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital structure to consist of share capital, shares to be issued, contributed surplus, equity portion of convertible loan payable, and deficit, which at December 31, 2025 totaled a deficiency of $1,658,086 (December 31, 2024 - deficiency of $1,445,014). The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. Selected information is provided to the Board of Directors of the Company. The Company is not subject to any capital requirements imposed by a lending institution.

(Expressed in Canadian Dollars)

5. Amounts receivable

	As at December 31, 2025	As at December 31, 2024
Sales tax recoverable	**$ 5,967**	$ 31,192
Amounts receivable	**-**	1,170
	$ 5,967	$ 32,362

6. Promissory note receivable

On December 15, 2025, the Company entered into a convertible promissory note agreement with Arkenyield Inc. ("Arkenyield"), pursuant to which the Company advanced $60,000. The note bears interest rate of 5% per annum and matures on December 15, 2027.

The Company has the option, at any time prior to maturity, to convert all or a portion of the outstanding principal into common shares of Arkenyield at a conversion price to be determined, subject to a maximum post-money valuation of $10,000,000. Accrued and unpaid interest is payable upon repayment or conversion.

The note is unsecured and may be prepaid by Arkenyield at any time without penalty.

7. Plant and equipment

During the year ended December 31, 2025, the Company sold its equipment for $67,150 (2024 - $172,701) and recorded a reversal of impairment in the same amount.

8. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding for purchases relating to general operating activities.

	As at December 31, 2025	As at December 31, 2024
Accounts payable	**$ 541,477**	$ 594,430
Accrued liabilities	**1,008,639**	814,932
Total accounts payable and accrued liabilities	**$ 1,550,116**	$ 1,409,362

During the year ended December 31, 2025, the Company recognized a gain of 94,330 (2024 - $768,210) from writing off stale-dated accounts payable.

(Expressed in Canadian Dollars)

9. Promissory notes payable

	Quinsam (i)	Therma (ii)	Total
Balance, December 31, 2023	$ 324,390	$ 233,260	$ 557,650
Interest accrued	17,066	19,952	37,018
Transfer to due to related parties	-	(53,541)	(53,541)
Settlement	(341,456)	(199,671)	(541,127)
Balance, December 31, 2024 and December 31, 2025	$ -	$ -	$ -

(i) In August 2021, the Company obtained a $225,000 secured loan from Quinsam Capital Corporation ("Quinsam"). The loan is repayable by December 31, 2021, bears interest at 10% per annum, and is secured by the Company's assets.

In connection therewith, the Company issued 750,000 warrants to Quinsam. Each warrant is exercisable for one common share of the Company at a price of $0.15 per share for a period of 2 years. The 750,000 warrants were valued at $37,300 as estimated using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate - 0.47%; dividend yield - 0%; expected stock volatility - 199% and an expected life of 2 years.

In April 2022, the Company extended the repayment date to December 31, 2022. In consideration, the Company agreed to issue 500,000 shares of the Company to Quinsam. As a result, $15,000 was expensed to debt issue cost.

During the year ended December 31, 2022, the Company obtained an additional $30,000 loan from Quinsam.

In April 2023, the repayment date was extended to December 31, 2023. In April 2024, the repayment date was further extended to December 31, 2024.

During the year ended December 31, 2024, the Company settled the full balance of the promissory note, including accrued interest, totaling $341,456 through the issuance of 11,381,867 common shares.

(ii) On May 2, 2022, the Company entered into a consulting agreement for services with Therma Bright Inc. ("Therma"), a company with common management and directors, to develop a pain formulation containing CBD for use with Therma's product portfolio. As a part of the agreement, the Company issued a promissory note in the amount of $200,000 to Therma. The note is non-secured, bears interest of 10% per annum and is due on May 2, 2024.

During the year ended December 31, 2024, the Company transferred $53,541 from promissory note to due to related parties.

During the year ended December 31, 2024, the Company settled the full balance of the promissory note, including accrued interest, totaling $199,671 through the issuance of 6,655,700 common shares.

(Expressed in Canadian Dollars)

10. Loans payable

	LOC Agreement (i)		CEBA (ii)		Total	
Balance, December 31, 2023	$	796,230	$	40,000	$	836,230
Interest accrued		47,722		-		47,722
Settlement		(843,952)		-		(843,952)
Balance, December 31, 2024 and December 31, 2025	$	-	$	40,000	$	40,000

(i) In 2020, the Company entered into a revolving line of credit (the "LOC") agreement with a third party lender (the "Lender"), whereby the Company can obtain $1,500,000 of revolving line of credit financing facility to be used exclusively for the purchase of the Company's business related equipment, deposits for construction work and tenant's improvements on the Company's Brantford facility, or for security, rental payments, taxes and insurance related thereto. Funds advanced under the LOC are non-secured and bore interest at a rate of 10% per annum.

The LOC was to terminate on April 30, 2022 and bear interest at a rate of 7% per annum.

In September 2022, the LOC was amended. Under the terms of the amendment, the Lender may advance up to an additional $500,000 under the LOC by December 15, 2022, upon certain conditions being met. The Lender has the right at any time until maturity to elect, in its sole discretion, to convert all or any portion of the outstanding amount into fully paid as non-assessable shares at a price of $0.05 per share. The LOC was amended to terminate on June 30, 2023. The Company bifurcated $39,500 to equity and the remaining balance to the carrying value of the loan.

On June 30, 2023, the LOC was amended to terminate on December 31, 2023. In connection with the amendment, the Company issued the Lender 3,250,000 share purchase warrants of the Company. The warrants expired on December 31, 2023 and were each exercisable for one common share of the Company at a price of $0.10 per share. The 3,250,000 warrants were valued at $3,500 as estimated using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate - 4.81%; dividend yield - 0%; expected stock volatility - 352% and an expected life of 4 months.

In August 2023, the Lender advanced an additional $100,000. The Company bifurcated $3,417 to equity and the remaining balance to the carrying value of the loan.

In April 2024, the LOC was amended to terminate on December 31, 2024.

During the year ended December 31, 2024, the Company settled the full balance of the LOC, including accrued interest, totaling $843,952 through the issuance of 28,131,733 common shares.

(ii) In April 2020, the Company received $40,000 under the Canada Emergency Business Account (CEBA) program. 25% of the loan was forgivable if repaid by December 31, 2022. The loan accrues no interest until December 31, 2023 and must be repaid by December 31, 2023. The forgiveness repayment date has been extended to January 18, 2024 for eligible CEBA loan holders in good standing. If the loan remains outstanding on January 19, 2024, it will convert to a non-amortizing term loan with full repayment due on December 31, 2026. Repayment of CEBA on or before the due date will result in loan forgiveness of 25% (up to $10,000). The entire balance of $40,000 is due and outstanding as at December 31, 2025.

(Expressed in Canadian Dollars)

11. Share capital

(a) Authorized share capital

Unlimited number of common shares, with no par value.

On July 3, 2025, the Company completed a 10 for 1 share consolidation. The share consolidation has been applied retrospectively and as a result, all shares and per share amounts are stated on an adjusted basis.

(b) Common shares issued

	Number of common shares	Amount
Balance, December 31, 2023	34,658,738	$ 32,206,706
Common shares issued for cash (i)(iii)	3,297,500	329,750
Fair value of warrants (i)(iii)	-	(65,950)
Common shares issued for debt settlement (ii)	7,808,378	2,342,513
Balance, December 31, 2024	45,764,616	$ 34,813,019
Common shares issued for cash (iv)	4,062,500	325,000
Share issuance cost (iv)	-	(15,188)
Fair value of warrants (iv)	-	(107,895)
Balance, December 31, 2025	49,827,116	$ 35,014,936

(i) On June 20, 2024, the Company closed a non-brokered private placement, pursuant to which it issued 950,000 units at $0.10 per unit for aggregate gross proceeds of $95,000. Each unit consisted of one common share of the Company and one-half share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.50 per share for a period of 3 years from the closing date, except that, from and after the date that is one year after the closing date, if the average closing price of the Company's common shares on the CSE is equal to or exceeds $0.55 during any 10 trading day period, then the Company may anytime thereafter accelerate the expiry date of the warrants to the date that is 30 days following the date on which the Company issues notice to all the warrant holders of the new expiry date. A director of the Company subscribed for 150,000 units for $15,000.

The 475,000 warrants issued were assigned a value of $19,000 using the Black-Scholes valuation model using the following assumptions: share price of $0.05, risk-free rate of return of 3.74%, expected volatility of 298% based on historical trends, dividend yield of 0%, and expected life of 3 years.

(ii) On November 27, 2024, the Company issued 7,808,378 common shares to creditors of the Company to settle an aggregate debt of 2,342,513 at a deemed price of $0.30 per share (see notes 9 and 10).

11. Share capital (continued)

(b) Common shares issued (continued)

(iii) On December 20, 2024, the Company closed a non-brokered private placement, pursuant to which it issued 2,347,500 units at $0.10 per unit for aggregate gross proceeds of $234,750. Each unit consisted of one common share of the Company and one-half share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.50 per share for a period of 3 years from the closing date, except that, from and after the date that is one year after the closing date, if the average closing price of the Company's common shares on the CSE is equal to or exceeds $0.55 during any 10 trading day period, then the Company may anytime thereafter accelerate the expiry date of the warrants to the date that is 30 days following the date on which the Company issues notice to all the warrant holders of the new expiry date. A director of the Company subscribed for 400,000 units for $40,000.

The 1,173,750 warrants issued were assigned a value of $46,950 using the Black-Scholes valuation model using the following assumptions: share price of $0.05, risk-free rate of return of 2.99%, expected volatility of 317% based on historical trends, dividend yield of 0%, and expected life of 3 years.

(iv) On December 2, 2025, the Company closed a non-brokered private placement, pursuant to which it issued 4,062,500 units at $0.08 per unit for aggregate gross proceeds of $325,000. Each unit consisted of one common share of the Company and one-half share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company for a period of two years at an exercise price of $0.15 during the first 6 months of the exercise period and thereafter at an exercise price of $0.20, except that from and after the date that is four months after the closing date, if the closing price of the Company's common shares on the CSE is equal to or exceeds $0.22 for 10 consecutive trading days, then the Company may anytime thereafter accelerate the expiry date of the warrants to the date that is 30 days following the date on which the Company issues notice to all the warrant holders of the new expiry date. A director of the Company subscribed for 375,000 units for $30,000.

In connection with the private placement the Company paid finder's fees of $8,400 and issued 105,000 finder's warrants. Each finder's warrant entitles the holder to purchase one common share of the Company for a period of two years at an exercise price of $0.15 during the first 6 months of the exercise period and thereafter at an exercise price of $0.20, except that from and after the date that is four months after the closing date, if the closing price of the Company's common shares on the CSE is equal to or exceeds $0.22 for 10 consecutive trading days, then the Company may anytime thereafter accelerate the expiry date of the finder's warrants to the date that is 30 days following the date on which the Company issues notice to all the finder's warrant holders of the new expiry date.

The 2,031,250 warrants and 105,000 finder's warrants issued were assigned values of $107,895 and $6,788, respectively, using the Black-Scholes valuation model using the following assumptions: share price of $0.07, risk-free rate of return of 2.46%, expected volatility of 411% based on historical trends, dividend yield of 0%, and expected life of 2 years.

(Expressed in Canadian Dollars)

12. Stock options

The Company has a Share Option Plan (the "Plan") under which it is authorized to grant options to purchase common shares of the Company to directors, senior officers, employees and/or consultants of the Company. The aggregate number of shares of the Company which may be issued and sold under the Plan may not exceed 15% of the total number of common shares issued and outstanding from time to time. Share options are granted with a maximum term of ten years with vesting terms at the discretion of the Board of Directors.

	Number of stock options		Weighted average exercise price
Balance, December 31, 2023	3,084,333	$	2.07
Forfeited	(115,000)		1.09
Expired	(1,677,333)		2.97
Balance, December 31, 2024	1,292,000	$	1.00
Granted (i)(ii)	5,000,000		0.28
Expired	(1,292,000)		1.00
Balance, December 31, 2025	5,000,000	$	0.28

(i) On February 12, 2025, the Company granted 2,500,000 stock options to directors, officers and consultants of the Company exercisable at $0.50 per common share. The options vested immediately and expire in 3 years. The grant date fair value of $247,453 was assigned to the stock options as estimated by using the Black-Scholes valuation model with the following assumptions: share price of $0.01, expected dividend yield of 0%, expected volatility of 325%, risk-free rate of return of 2.77%, an expected maturity of 3 years, and forfeiture rate of 0%.

(ii) On July 15, 2025, the Company granted 2,500,000 stock options to directors, officers and consultants of the Company exercisable at $0.05 per common share. The options vested immediately and expire in 3 years. The grant date fair value of $287,361 was assigned to the stock options as estimated by using the Black-Scholes valuation model with the following assumptions: share price of $0.12, expected dividend yield of 0%, expected volatility of 388%, risk-free rate of return of 2.84%, an expected maturity of 3 years, and forfeiture rate of 0%.

The following table reflects the actual stock options issued and outstanding as of December 31, 2025:

Expiry date	Exercise price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
February 12, 2028	0.50	2.12	2,500,000	2,500,000
July 15, 2028	0.05	2.54	2,500,000	2,500,000
	0.28	2.12	5,000,000	5,000,000

(Expressed in Canadian Dollars)

13. Warrants

	Number of warrants	Weighted average exercise price
Balance, December 31, 2023	335,000	$ 1.24
Issued (i)	1,648,750	0.50
Expired	(335,000)	1.24
Balance, December 31, 2024	1,648,750	$ 0.50
Issued (ii)	2,136,250	0.15
Balance, December 31, 2025	3,785,000	$ 0.30

(i) During the year ended December 31, 2024, the Company issued an aggregate of 1,648,750 warrants as a part of its non-brokered private placements. See note 11.

(ii) During the year ended December 31, 2025, the Company issued an aggregate of 2,136,250 warrants (year ended December 31, 2024 - 1,648,750 warrants) as a part of its non-brokered private placements. See note 11.

The following table reflects the warrants issued and outstanding as of December 31, 2025:

Expiry date	Exercise price ($)	Warrants outstanding
June 20, 2027 (iii)	0.50	475,000
December 20, 2027 (iii)	0.50	1,173,750
December 2, 2027 (iv)	0.15	2,136,250
	0.30	3,785,000

(iii) If the average closing price of the Company's common shares on the CSE is equal to or exceeds $0.55 during any 10 trading day period, then the Company may anytime thereafter accelerate the expiry date of the warrants to the date that is 30 days following the date on which the Company issues notice to all the warrant holders of the new expiry date.

(iv) The exercise price is $0.15 during the first 6 months of the exercise period and $0.20 thereafter. If the closing price of the Company's common shares on the CSE is equal to or exceeds $0.22 for 10 consecutive trading days, then the Company may anytime thereafter accelerate the expiry date of the warrants to the date that is 30 days following the date on which the Company issues notice to all the warrant holders of the new expiry date.

(Expressed in Canadian Dollars)

14. Related party balances and transactions

Related parties include key management being the Company's executive officers, the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The following related party transactions were conducted in the normal course of operations and were made on an arm's length basis:

	Year Ended December 31, 2025	Year Ended December 31, 2024
Consulting	**$ 240,000**	$ 260,750
Professional fees	**52,587**	53,431
Share-based compensation	**349,785**	-
	$ 642,372	$ 314,181

As at December 31, 2025, $998,288 (December 31, 2024 - $698,689) included in accounts payable and accrued liabilities was payable to key management personnel.

As at December 31, 2025, the directors of the Company advanced a total of $143,424 (December 31, 2024 - $142,553), including $53,541 transferred from promissory note (see note 9(ii)). The advance is non-interest bearing and repayable on demand.

15. Loss per share

For the year ended December 31, 2025, basic and diluted loss per share has been calculated based on the loss attributable to common shares of $1,064,486 (2024 - $388,150) and weighted average number of common shares outstanding of 46,087,390 (2024 - 35,012,446). Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

16. Income taxes

The reported recovery of income taxes differs from amounts computed by applying the statutory income tax rates to the reported loss before income taxes due to the following:

	Year Ended December 31, 2025	Year Ended December 31, 2024
Loss before income taxes	**$ (1,064,486)**	$ (388,150)
Combined statutory income tax rate	**26.5%**	26.5%
Expected income tax recovery	**(282,000)**	(103,000)
Permanent differences and other	**(43,000)**	(250,000)
Deferred tax assets not recognized	**325,000**	353,000
	$ -	$ -

(Expressed in Canadian Dollars)

16. Income taxes (continued)

Deferred income taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying values of assets and liabilities. The temporary differences and unused tax losses that give rise to deferred income tax assets are presented below:

	As at December 31, 2025	As at December 31, 2024
Associate investment	**$ 1,516,000**	$ 1,516,000
Property and equipment	**297,000**	297,000
Loan receivable	**156,000**	156,000
Share issuance cost and other	**38,000**	36,000
Non-capital losses carried forward	**6,421,000**	6,748,000
Deferred tax assets	**8,428,000**	8,753,000
Less: deferred tax assets not recognized	**(8,428,000)**	(8,753,000)
Net deferred tax assets	**$ -**	$ -

The Company has approximately $26,760,000 of non-capital losses available, which expire between 2034 and 2045 and may be applied against future taxable income for income tax purposes.

The potential benefit of these losses and deductible temporary differences in excess of the deferred tax liabilities have not been recognized in these financial statements as it is not considered probable that sufficient future tax profit will allow the deferred tax assets to be recovered.

17. Financial risk management

The Company's financial risk exposures and the impact on the Company's financial instruments are as follows:

(a) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company is exposed to credit risk primarily associated with cash. The carrying value of the financial assets represents the maximum credit exposure. The risk for cash is mitigated by holding these instruments with highly rated Canadian financial institutions. The Company undertakes credit evaluations on counter parties as necessary and has monitoring processes intended to mitigate credit risks.

(b) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2025, the Company has a working capital deficiency of $1,718,086 (2024 - working capital deficiency of $1,445,014). The Company had a cash balance of $9,487 (2024 - $114,539) to settle current financial liabilities of $1,733,540 (2024 - $1,591,915).

In order to meet the Company’s anticipated working capital requirements, it will be required to attract additional funds through the issue of debt, equity or other business means to further the development of the Company’s products and to provide sufficient working capital. The Company monitors its working capital position and makes changes or reductions in expenditures to help sustain sufficient liquidity to meet liabilities on a timely basis.

17. Financial risk management (continued)

The following table summarizes the maturity profile of all the Company's financial liabilities based on a contractual basis at December 31, 2025 and 2024.

As at December 31, 2025	Less than 1 year	1-5 years	5+ years	Total
Accounts payable and accrued liabilities	$ 1,550,116	$ -	$ -	$ 1,550,116
Loans payable	40,000	-	-	40,000
Due to related parties	143,424	-	-	143,424
	$ 1,733,540	$ -	$ -	$ 1,733,540

As at December 31, 2024	Less than 1 year	1-5 years	5+ years	Total
Accounts payable and accrued liabilities	$ 1,409,362	$ -	$ -	$ 1,409,362
Loans payable	40,000	-	-	40,000
Due to related parties	142,553	-	-	142,553
	$ 1,591,915	$ -	$ -	$ 1,591,915

(c) Market risk

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

Interest rate risk

The Company's primary interest rate risk consists of interest rate fluctuations, which may affect the Company's interest-bearing debts and lease obligations. The Company does not currently use derivative instruments to limit interest rate risks. The majority of the Company's interest-bearing financial instruments are subject to fixed interest rates. As a result, the Company is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates and considers interest rate risk insignificant.

Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The operating results and financial position of the Company are reported in Canadian dollars. The Company's operations are in Canada. The Company considers this risk to be minimal.

(Expressed in Canadian Dollars)

17. Financial risk management (continued)

(d) Fair Value

The carrying amount of each financial instrument approximates their fair value because of the short-term maturities of these items.

The following table presents the fair value hierarchy for the Company's assets and liabilities measured at fair value by level as at December 31, 2025 and 2024.

As at December 31, 2025	Level 1	Level 2	Level 3	Total
Assets				
Cash	$ 9,487	$ -	$ -	$ 9,487

As at December 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
Cash	$ 114,539	$ -	$ -	$ 114,539

18. Contingencies

In December 2025, the Company received a claim from a third party concerning the purchase price of certain equipment. The Company considers the claim to be unsubstantiated and intends to resolve the matter, noting that it was not properly notified and had previously communicated a proposed settlement amount to the third party.

19. Proposed transactions

Cannabis assets spin-out

On May 15, 2025, the Company announced the execution of a definitive agreement (the "Arrangement Agreement") with the Company's subsidiary, 2590672 Ontario Inc. ("259 OnCo") in respect of the spin-out of its cannabis assets (the "Assets"), to its shareholders by way of a share capital reorganization effected through a statutory plan of arrangement (the "Arrangement") pursuant to the arrangement provision of the Business Corporations Act (British Columbia). Under the Arrangement, the Company will distribute the common shares (each, a "259 Share") of 259 OnCo to City View's shareholders.

Under the Arrangement, City View's current shareholders will receive 259 Shares by way of a share exchange, pursuant to which each existing common share of 259 OnCo will be exchanged for one new common share of City View and 0.032 of a 259 Share, or as otherwise determined by the board of directors of the Company. On completion of the Arrangement, City View shareholders will maintain their interest in City View and will obtain a proportionate interest in 259 OnCo.

19. Proposed transactions (continued)

Cannabis assets spin-out (continued)

In connection with the Arrangement, the Company has agreed to provide a bridge loan of up to $500,000 to 259 OnCo (the "Bridge Loan"). The Bridge Loan shall be for a term for 24 months at an interest rate of 10% per annum. The Bridge Loan shall be structured as a demand note, whereby 259 OnCo can draw down on the Bridge Loan upon notice to City View.

As of April 30, 2026, the Cannabis Spin-Out and Bridge Loan advance were put on hold until the Company completes the COB.

Arkenyield

On September 17, 2025, the Company entered into securities purchase agreement with Arkenyield, a financial technology company focused on helping institutional and corporate participants generate yield on digital assets, primarily USD-denominated stablecoins. Pursuant to the terms of the agreement, the Company agreed to acquire 2,000,000 common shares in the capital of Arkenyield, which represents approximately 20% of Arkenyield's issued and outstanding securities. In consideration, the Company will pay a purchase price of $575,000, through a combination of:

- $287,500 to be satisfied through the issuance 5,750,000 common shares in the capital of the Company; and
- $287,500 to be satisfied through the issuance of a convertible debenture (the "Debenture"). The Debenture will have a term of 5 years and will be convertible into 5,750,000 common shares in the capital of the Company at a conversion price of $0.05 per share.

In addition, the Company has the option to acquire the remaining 80% of the issued and outstanding common shares in the capital of Arkenyield on the terms and conditions to be agreed to by the parties.

As of April 30, 2026, the agreement has not been completed. The closing is subject to the Company obtaining the required shareholder and regulatory approvals in connection with the change of business (“COB”).

20. Subsequent events

On March 19, 2026, the Company announced that it filed the necessary filings with the CSE on the proposed change of business from an industrial issuer to an investment issuer.

On April 20, 2026, the Company negotiated debt settlements with arm's length and non-arm's length creditors pursuant to which it will settle aggregate debt of $897,107 in consideration for which it will issue an aggregate of 12,815,807 common shares at a deemed price of $0.07 per share.

On April 23, 2026, the Company announced that it proposes to undertake a non-brokered private placement of units of up to $500,000 to be sold at a price of $0.05 per unit. Each unit will consist of one common share of the Company and one common share purchase warrant. Each warrant will entitle the holder to purchase one common share of the Company at an exercise price of $0.10 for a period of two years, except that, if the average closing price of the Company's common shares on the CSE is equal to or exceeds $0.12 during any 10 consecutive trading day period, then the Company may anytime thereafter accelerate the expiry date of the warrants to the date that is 30 days following the date on which the Company issues notice to all the warrant holders of the new expiry date.