
ASTRON CONNECT INC.

Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended

June 30, 2024 and 2023

(Expressed in Canadian Dollars)

ASTRON CONNECT INC.
Condensed Interim Consolidated Statements of
Financial Position As at June 30, 2024 and September 30, 2023
(Expressed in Canadian Dollars)

	Note	June 30, 2024	September 30, 2023
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	9	95,613	190,348
Other receivables	4	2,179	7,967
Prepaid expenses and deposit		6,429	8,679
		104,221	206,994
Investment		1	1
Total Assets		104,222	206,995
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	5	261,737	180,338
Government assistance	6	-	60,000
Deferred revenue		36,692	36,692
		298,429	277,030
Shareholders' Deficit			
Share capital	7	8,185,477	8,185,477
Reserves		469,455	469,455
Deficit		(8,849,139)	(8,724,967)
		(194,207)	(70,035)
Total Liabilities and Shareholders' Deficit		104,222	206,995

Approved on behalf of the Board of
Directors:

" S.Randall Smallbone "

Director

" Iris (Hong) Duan "

Director

See accompanying notes to the consolidated financial statements

ASTRON CONNECT INC.
Consolidated Statements of Loss and Comprehensive Loss
Three and Nine Months Ended June 30
(Expressed in Canadian Dollars)

		Three Months Ended		Nine Months Ended	
	Note	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
		\$	\$	\$	\$
Sales		-	28,283	-	28,283
Cost of sales	6	-	(21,161)	-	(21,161)
Gross profit		-	7,122	-	7,122
Expenses					
Advertising and promotion expenses		-	9,872	-	8,262
Consulting expenses		3,000	6,990	11,503	20,970
Director fees	8	-	17,000	30,000	46,500
Filing expenses		300	6,413	13,679	18,688
Office expenses		6,121	8,918	21,833	25,502
Professional fees		495	2,361	25,810	45,232
Rental expenses		-	308	-	15,745
Salary and benefits		-	18,137	43,500	101,802
Selling and distribution expenses		-	3,444	-	3,444
		9,917	73,443	146,326	286,145
Loss from operations		(9,917)	(66,321)	(146,326)	(279,023)
Other (loss) income					
Interest income		142	307	2,148	1,212
Foreign exchange loss		(2,563)	-	5	-
Government loan forgiveness	6	-	-	20,000	-
		(2,421)	307	22,153	1,212
Net loss and comprehensive loss for the period		(12,338)	(66,014)	(124,172)	(277,811)
Loss per common share					
Basic and fully diluted		(0.00)	(0.00)	(0.01)	(0.02)
Weighted average number of common shares outstanding		16,937,901	16,937,901	16,937,901	16,937,901

See accompanying notes to the consolidated financial statements.

ASTRON CONNECT INC.
Consolidated Statements of Changes in Shareholders' Equity (Deficit)
For the Three and Six Months Ended June 30
(Expressed in Canadian Dollars)

	<u>Share Capital</u>				
	Shares	Amount \$	Reserves \$	Deficit \$	Total \$
Opening Balance, September 30, 2022	16,937,901	8,185,477	469,455	(8,225,070)	429,862
Net loss	-	-	-	(86,446)	(84,446)
Balance, December 31, 2022	16,937,901	8,185,477	469,455	(8,311,516)	343,416
Net loss	-	-	-	(125,351)	(125,351)
Balance, March 31, 2023	16,937,901	8,185,477	469,455	(8,436,867)	218,065
Net loss	-	-	-	(125,351)	(125,351)
Balance, June 30, 2023	16,937,901	8,185,477	469,455	(8,436,867)	218,065
Opening Balance, September 30, 2023	16,937,901	8,185,477	469,455	(8,724,967)	(70,035)
Net loss	-	-	-	(57,875)	(57,875)
Balance, December 31, 2023	16,937,901	8,185,477	469,455	(8,782,842)	(127,910)
Net loss	-	-	-	(53,959)	(53,959)
Balance, March 31, 2024	16,937,901	8,185,477	469,455	(8,836,801)	(181,869)
Net loss	-	-	-	(12,338)	(12,338)
Balance, June 30, 2024	16,937,901	8,185,477	469,455	(8,849,139)	(194,207)

See accompanying notes to the condensed interim consolidated financial statements

ASTRON CONNECT INC.
Consolidated Statements of Cash Flows
For the Nine Months Ended June 30
(Expressed in Canadian Dollars)

	2024	2023
	\$	\$
OPERATING ACTIVITIES		
Net loss for the period	(124,172)	(277,811)
Adjustment for items not involving cash:		
Government loan forgiveness	(20,000)	-
Changes in non-cash working capital:		
Trade and other receivables	5,787	(16,633)
Prepaid expenses	2,250	(25,531)
Accounts payable and accrued liabilities	81,400	(10,552)
Cash used in operating activities	(54,735)	(330,527)
INVESTING ACTIVITIES		
Cash used in investing activities	-	-
FINANCING ACTIVITIES		
Repayment of government subsidy obligations	(40,000)	-
Cash provided by financing activities	-	-
Decrease in cash	(94,735)	(330,527)
Cash and cash equivalents, beginning	190,348	504,608
Cash and cash equivalents, ending	95,613	174,081

See accompanying notes to the condensed interim consolidated financial statements

1. NATURE OF OPERATIONS

Astron Connect Inc. (the "Company") was incorporated on February 20, 2017 under the Business Corporations Act (British Columbia). The Company is engaged primarily in the business of distribution and sale of beverage and food products in Canada, China and emerging markets. On August 24, 2018, the Company changed its name from Exalt Capital Corp. to Astron Connect Inc. and began trading under the symbol "AST" under the TSX Venture Exchange ("TSX.V").

The principal and registered office of the Company is at 2900 – 733 Seymour St., P.O. Box 1, Vancouver, B.C. V6B 0S6.

2. BASIS OF PRESENTATION

a) Statement of compliance

These condensed interim consolidated financial statements of the Company and its subsidiary are prepared in accordance with IAS 34 "Interim Financial Reporting" as issued by IASB, and accordingly do not include all the information required full annual financial statements by International Financial Reporting Standards ("IFRS"). They have been prepared using the same accounting policies that were described in note 3 to the Company's annual consolidated financial statements for the year ended September 30, 2023.

The condensed interim consolidated financial statements should be read in conjunction with the Company's 2023 annual consolidated financial statements.

These consolidated financial statements were approved and authorized for issue by the board of directors on August 27, 2024.

b) Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. The Company is in an early stage of commercialization and will be required to attain profitability or generate additional financing as needed. During the three and nine months ended June 30, 2024, the Company incurred a net and comprehensive loss of \$124,172 (2023: \$277,811) and negative cash flows from operating activities of \$54,735 (2023: \$330,527). These conditions cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to any adjustments that would be necessary should the Company be unable to continue as a going concern, and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements. Such adjustments could be material.

Management's current strategy is to focus on expanding its market share of the beverage and food products industry in China and emerging markets. At the same time management is looking for partners in local food and beverage industry for new business opportunities.

Management recognizes the Company's need to increase its cash reserves in the coming year if it intends to adhere to its sales and marketing plans and has evaluated its potential sources of funds, including increased revenue from sale of its products and services and possible equity or debt financing. Although management intends to assess and act on these options through the course of the year, there can be no assurance that the steps management takes will be successful.

c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in note 3(c). In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

d) Functional and presentation currency

The functional and presentation currency of the Company and its subsidiaries is the Canadian dollar.

2. BASIS OF PRESENTATION (continued)

e) Use of estimates

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments and estimates and form assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses for the periods reported. The estimates and associated assumptions are based on historical experience and various other factors that are considered to be relevant. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and may change if new information becomes available. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3(r).

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

a) Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its subsidiaries. A subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany balances and transactions have been eliminated in preparing these consolidated financial statements.

Entity	Country of incorporation	Ownership
Sachiel Holdings Ltd.	Canada	100%
Sachiel Water Inc.	Canada	100%
Manna Resources Inc.	Canada	100%

b) Foreign currency translation

Transactions denominated in foreign currencies are translated to the respective functional currencies of the Company and its subsidiaries at exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities are translated at historical exchange rates prevailing at each transaction date. Revenues and expenses are translated at exchange rates prevailing on the date of transactions. All exchange gains and losses are included in profit or loss.

c) Financial instruments

Classification

On initial recognition, the Company determines the financial instruments classification as per the following categories:

- Instruments measured at amortized cost; and
- Instruments measured at fair value through other comprehensive income (FVOCI) or through net income (FVTPL).

The financial instruments' classification under IFRS 9 *Financial Instruments* ("IFRS 9") is based on the business model in which a financial asset is managed and on its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial instrument in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

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

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

Equity investments held for trading are classified as FVTPL. For all other equity investments that are not held for trading, the Company, on initial recognition, may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

Financial liabilities are measured at amortized cost unless they must be measured at FVTPL (such as derivatives) or if the Company elects to measure them at FVTPL.

Measurement

Financial instruments at amortized cost

Financial instruments at amortized cost are initially measured at fair value plus transaction costs directly attributable to the asset/liability, and subsequently at amortized cost, using the effective interest method, less any impairment loss. Interest income, foreign exchange gains and losses and impairment are recognized in the consolidated statements of loss and comprehensive loss.

Financial instruments at fair value

Financial instruments are initially and subsequently measured at fair value and transaction costs are accounted for in the consolidated statements of loss and comprehensive loss. When the Company elects to measure a financial liability at FVTPL, gains or losses related to the Company's own credit risk are accounted for in the consolidated statements of loss and comprehensive loss.

Impairment

The Company prospectively estimates the expected credit losses associated with the debt instruments accounted for at amortized cost. The impairment methodology used depends on whether there is a significant increase in the credit risk or not. For trade receivables, the Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL) as allowed by IFRS 9 under the simplified method.

Derecognition

Financial assets

The Company derecognizes a financial asset when, and only when, the contractual rights to the cash flows from the financial asset have expired or when contractual rights to the cash flows have been transferred.

Financial liabilities

The Company derecognizes a financial liability when, and only when, it is extinguished, meaning when the obligation specified in the contract is discharged, canceled or expired. The difference between the carrying amount of the extinguished financial liability and the consideration paid or payable, including non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of loss and comprehensive loss.

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

d) Cash and cash equivalents

Cash and cash equivalents include cash at banks and on hand, and other short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change of value.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

e) Loan receivable

Loan receivable is initially recorded at cost less impairment losses. An allowance for doubtful accounts is recorded to reduce the carrying value of loan receivable when there is objective evidence that the Company will not be able to collect the amount due according to the original terms of the receivable.

f) Inventory

Inventory, comprising raw materials and finished goods, is stated at the lower of cost and net realizable value. The cost of inventories is determined on a weighted-average basis. Cost of finished goods comprise original purchase costs and costs of delivery to the Company's distribution centres, including freight, non-refundable taxes and other landing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete and selling expenses. In establishing any impairment of inventory, management estimates the likelihood that inventory carrying values will be affected by changes in market demand, which would impair the value of inventory on hand. An allowance for obsolete, slow-moving or defective inventories is made where necessary.

g) Impairment

(i) Financial assets

Financial assets not carried at FVTPL or FVOCI are assessed for impairment at each reporting date by determining whether there is objective evidence that indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated by reference to the higher of the value in use and fair value less costs to sell. Fair value less costs to sell is defined as the estimated price that would be received on the sale of the asset in an orderly transaction between market participants at the measurement date.

3. **SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

i) Impairment (continued)

(ii) Non-financial assets (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other groups of assets.

An impairment loss is recognized if the carrying amount of an asset or group of assets exceeds the estimated recoverable amount. Impairment losses are recognized in profit or loss.

When an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimated 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 in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

j) Revenue recognition

Revenue is recognized by applying the five-step model under IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15"). The Company recognizes revenue when, or as, the goods or services are transferred to the control of the customer and performance obligations are satisfied.

The Company generates its revenue from the sale of beverage and food products. The Company's revenue is recognized when control of the goods has been transferred, being when the goods are delivered to customers and when all performance obligations have been fulfilled. The amounts recognized as revenue represent the fair value of the consideration received or receivable from third parties on the sales of goods, net of goods and services taxes and less returns, and discounts, at which time there are no conditions for the payment to become due other than the passage of time. Deferred revenue represents customer deposits received in advance of delivery of products.

Performance obligations are satisfied at the point in time when products are delivered based on the volumes to customers at contractual delivery points, and prices have been agreed to with the purchaser and collectability is reasonably assured.

k) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income/loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when the related asset is realized or liability is settled, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

k) Income taxes (continued)

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

l) Earnings (loss) per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method for calculating diluted loss per share. Under this method the dilutive effect on loss per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

m) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity. The proceeds from the issuance of units are bifurcated between shares and warrants, with the value of the warrants determined using residual method by allocating the value to common shares when issued then the residual to be allocated to warrants.

n) Stock-based compensation

The Company follows the fair value method of accounting for share options. Compensation expense is recorded for share options over the vesting period with a corresponding increase to reserve. The fair value of the share options is measured at grant date, using Black-Scholes option pricing model, taking into account the terms and conditions upon which the share options were granted. The expected term of options granted is determined based on historical data on the average hold period before exercise, expiry or cancellation. The risk-free rate of periods within the expected life of the share option is based on the Canadian government bond rate. The forfeiture rate assumption is based on historical results and the annualized volatility is based on the Company's historical share prices.

The amount recognized as expense is adjusted to reflect the number of share options expected to vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserve. Stock-based compensation to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured.

o) Significant accounting estimates and judgments

Significant assumptions about the future and key sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical accounting estimates

(i) Impairment of long-lived assets

Determining the amount of impairment of long-lived assets requires an estimation of the recoverable amount. Many factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. These changes may result in future impairments in the Company's long-term assets, such as office equipment, furniture, customer relationship and lists, leasehold improvements, trademarks, website and water use rights.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

o) Significant accounting estimates and judgments (continued)

Critical accounting estimates (continued)

(ii) Allowances for doubtful accounts and loan receivables

The Company makes estimates for allowances that represent estimate of potential losses in respect of accounts receivable and loan receivables. An allowance for doubtful accounts is estimated based on management's assessment of the credit history with the customer and current relationships with them. Allowance for loan receivables is based on management's assessments of the financial condition of the loan holder. Estimates used to determine the amount of allowance required involves uncertainties.

(iii) Reserve for inventory obsolescence

In determining the lower of cost or net realizable value of inventory, the provision for inventory obsolescence is estimated based on a consideration of quantities on hand, actual and projected sales volume, anticipated product selling prices and product lines planned to be discontinued. Unforeseen changes in these factors could result in additional inventory provisions, or reversals of previous provisions, if required.

Critical accounting judgments

(i) Evaluation of the Company's ability to continue as a going concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing these consolidated financial statements. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The assessment of the Company's ability to execute its strategy and finance the operations through achieving positive cash flow from operations or by obtaining additional funding through debt or equity financing involves judgments. Management monitors future cash requirements to assess the Company's ability to realize assets and discharge its liabilities in the normal course of operations.

(ii) Impairment of intangible assets

Judgment is required in assessing whether certain factors would be considered an indicator of impairment or impairment reversal. Management considers both internal and external information to determine whether there is an indicator of impairment or impairment reversal present and, accordingly, whether impairment testing is required.

p) New accounting standards issued, but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or International Financial Reporting Interpretation Committee that are mandatory for accounting periods noted below. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

In May 2021, the IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12). The amendments narrowed the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences. The amendments are effective January 1, 2023, with early adoption permitted. The Company does not expect the adoption of these amendments to have a material effect on the consolidated financial statements.

In February 2021, the IASB issued Definition of Accounting Estimates (Amendments to IAS 8). The amendments introduced a definition of accounting estimates and included other amendments to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective January 1, 2023, with early adoption permitted. The Company does not expect the adoption of these amendments to have a material effect on the consolidated financial statements.

4. OTHER RECEIVABLES

	June 30, 2024	September 30, 2023
	\$	\$
GST receivables	2,179	7,967
	2,179	7,967

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2024	September 30, 2023
	\$	\$
Trade accounts payable	142,562	134,838
Salary and benefits payable	119,175	45,500
	261,737	180,338

6. GOVERNMENT ASSISTANCE

During the year ended September 30, 2021, the Company applied for the COVID-19 Relief Program. Export Development Canada (EDC) and the Business Development Bank of Canada (BDC) provided a direct loan to the Company ("CEBA Loan") of \$40,000. During the year ended September 30, 2022, the Company received an additional loan of \$20,000. The CEBA Loan has an initial term date on December 31, 2023 and may be extended to December 31, 2025. The CEBA Loan is non-revolving, with an interest rate being 0% per annum prior to the Initial Term Date and 5% per annum thereafter during any extended term, which is calculated daily and paid monthly. The CEBA Loan can be repaid at any time without penalty.

On September 14, 2023, the Government of Canada announced extended deadlines for CEBA Loan repayments, providing an additional year for term loan repayment, and additional flexibilities for loan holders looking to benefit from partial loan forgiveness of up to 33 per cent. The repayment deadline for CEBA Loan to qualify for partial loan forgiveness is being extended from December 31, 2023, to January 18, 2024. The repayment deadline to qualify for partial loan forgiveness now includes a refinancing extension until March 28, 2024. As of June 30, 2024, the Company has paid back the loan of \$40,000 with \$20,000 loan forgiveness from the Government, which was recorded as other gain on the financial statements.

7. SHARE CAPITAL

- a) Authorized:
Unlimited number of voting common shares without par value.

Issued and outstanding - 16,937,901

The Company had no share capital transactions during the period ended June 30, 2024.

8. RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions have been measured at the exchange amount of consideration agreed between the related parties. Related party transactions not disclosed elsewhere in these consolidated financial statements are listed below:

	June 30, 2024	June 30 2023
	\$	\$
<i>Transactions:</i>		
Director fees	30,000	46,500
Salaries and benefits	43,500	74,900

These transactions are in the normal course of operations and have been valued in these consolidated financial statements at their estimated fair value amounts. As of June 30, 2024, there were \$119,175 (September 30, 2023 - \$45,500) owing to directors and officers.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Fair value of financial instruments

The Company has the following financial instruments as of June 30, 2024 and September 30, 2023:

Financial assets	Categories	June 30, 2024 \$	September 30, 2023 \$
Cash and cash equivalents	FVTPL	95,613	190,348
Other receivables (excluding GST)	Amortized cost	-	-
Investment	FVTPL	1	1
Financial liabilities			
Accounts payable and accrued liabilities	Amortized cost	261,737	180,338
Government assistance	Amortized cost	-	60,000

The Company classifies its fair value measurements in accordance with the fair value hierarchies as follows:

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

The fair value of other receivables (excluding GST), loan receivable, accounts payable and accrued liabilities and government assistance approximate their carrying values as at the reporting date due to the short-term maturities of these instruments. Cash and cash equivalents and investment are level 1 fair value hierarchy.

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

a) Currency risk

The Company generates revenues and incurs expenses primarily in Canada and China and is exposed to risk from changes in foreign currency exchange rates. In addition, the Company holds financial assets and liabilities in foreign currencies that expose the Company to foreign exchange risk. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

At June 30, 2024, the Company had cash of \$36,897 (September 30, 2023: \$63,492), which are denominated in US dollars. For the period ended June 30, 2024, the Company's sensitivity analysis suggests that a change in the absolute rate of exchange in US dollars by 10% will increase or decrease comprehensive loss by approximately \$3,689.

b) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The interest rate risk on cash equivalents is insignificant, as the deposits are short-term. The Company's \$60,000 loan (note 11) is non-interest bearing until January 18, 2024. Any amounts unpaid will be subject to 5% interest. The Company's loan receivable have fixed interest rates of 10% per annum. The Company has not entered into any derivative instruments to manage interest rate fluctuations. As such, the Company's cash flow would not be impacted by changes in market rates of interest.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

c) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and cash equivalents, trade and other receivables, and loan receivable. The Company limits its exposure to credit risk on cash and cash equivalents by depositing only with reputable financial institutions. Credit risk is primarily associated with trade receivables and loan receivables. Credit risk on trade receivables is minimized by performing credit reviews, ongoing credit evaluation and account monitoring procedures. All trade receivables have been reviewed for indicators of impairment and the consolidated financial statements take into account an allowance for bad debts. As at June 30, 2024 and September 30, 2023, the Company does not have trade receivable balance.

The Company's Loan receivables are subject to the expected credit loss model. Management assesses the credit worthiness of entities it advances loan to prior to and on a periodic basis. If it is determined that the counterparty is undergoing financial difficulty, management estimates a recoverable amount and books an allowance for expected credit losses. The Company's loan receivables have been impaired to \$nil during the period ended June 30, 2024.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at June 30, 2024, the Company had a working capital deficiency of \$194,208 (September 30, 2023: \$70,036 deficiency). In addition to the product sales, the Company is actively pursuing additional sources of financing to ensure that it can meet its ongoing operating requirements and planned capital expenditures.

The following table summarizes the maturities of the Company's financial liabilities as at June 30, 2024 based on the undiscounted contractual cash flows:

	Carrying amount	Contractual cash flows	Less than 1 year	1 - 3 years	4 - 5 years
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities and customer deposits	261,737	81,400	36,005	144,332	-
Total	261,737	81,400	36,005	144,332	-

11. CAPITAL MANAGEMENT

The Company has defined its capital as share capital, reserves and accumulated deficit.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to maintain appropriate cash reserves on hand to support continued operations and shareholder returns, maintain capital structure while keeping capital costs at a minimum, and to invest cash on hand in highly liquid, highly rated financial instruments.

The Company is not exposed to externally imposed capital restrictions, and the Company's objectives and strategies described above have not changed during the year. These objectives and strategies are reviewed on a continuous basis.

12. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment: in the business of distribution and sale of beverage and food products in Canada, China and emerging markets.