Rubicon Organics Inc.

Condensed Consolidated Interim Financial Statements (Unaudited)

For the three months ended March 31, 2025 and 2024

Expressed in Canadian dollars

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Professional Chartered Accountants for a review of interim financial statements by an entity's auditor.

RUBICON ORGANICS INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

Expressed in Canadian Dollars

	Notes	March 31, 2025	December 31, 2024
ASSETS			
Current			
Cash and cash equivalents	18	**7,780,884**	9,857,264
Accounts receivable	5	**5,672,723**	5,828,001
Prepaid expenses and deposits	6	**2,615,989**	2,396,270
Inventories	7	**12,377,580**	10,735,739
Cannabis plants	8	**1,653,358**	1,834,548
		30,100,534	30,651,822
Non-Current			
Property, plant and equipment	9	**22,869,365**	23,493,973
Right-of-use assets	11	**65,894**	83,777
Intangible assets	10	**2,381,749**	2,381,749
Total assets		**55,417,542**	56,611,321
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	12	**8,083,309**	9,263,231
Interest payable		**54,098**	56,839
Current portion of lease liabilities	11	**67,935**	64,822
Current portion of loans and borrowings	13	**1,324,419**	1,321,678
		9,529,761	10,706,570
Non-Current			
Lease liabilities		**6,151**	24,151
Non-current portion of loans and borrowings	13	**8,297,436**	8,478,439
Total liabilities		**17,833,348**	19,209,160
Shareholders' equity			
Share capital	14	**108,405,244**	108,303,161
Reserves	15	**23,586,528**	23,184,514
Deficit		**(94,407,578)**	(94,085,514)
Total shareholders' equity		**37,584,194**	37,402,161
Total liabilities and shareholders' equity		**55,417,542**	56,611,321

Approved on behalf of the Board:

(Signed) *"Michael Detlefsen"*	(Signed) *"Margaret Brodie"*
Director	Director and CEO

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

RUBICON ORGANICS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (UNAUDITED)
Expressed in Canadian Dollars, except for share information

	Notes	For the three months ended March 31, 2025	March 31, 2024
Revenue			
Product sales		**16,053,366**	11,364,324
Excise taxes		**(3,677,310)**	(2,473,907)
Net revenue		**12,376,056**	8,890,417
Cost of sales			
Production costs	9	**2,901,783**	2,692,692
Inventory expensed to cost of sales	9	**5,368,642**	3,737,334
Inventory written off or provided for		**318,278**	266,039
Gross profit before fair value adjustments		**3,787,353**	2,194,352
Fair value adjustments to cannabis plants, inventory sold, and other charges	8	**439,650**	164,252
Gross profit		**4,227,003**	2,358,604
Operating expenses			
Salaries, wages, and consulting		**2,237,861**	1,898,468
General and administrative		**869,585**	982,161
Sales and marketing		**678,193**	453,493
Share-based compensation	16	**504,097**	702,846
Depreciation and amortization	9	**48,059**	60,122
		4,337,795	4,097,090
Profit / (loss) from operations		**(110,792)**	(1,738,486)
Interest on loans	13	**174,867**	279,084
Foreign exchange loss		**36,405**	155,289
Fair value gain on derivatives	14	**—**	(280,517)
Net profit / (loss) for the period		**(322,064)**	(1,892,342)
Net profit / (loss) per share, basic		**(0.01)**	(0.03)
Net profit / (loss) per share, diluted		**(0.01)**	(0.03)
Weighted average number of shares outstanding, basic		**58,608,210**	56,662,430
Weighted average number of shares outstanding, diluted		**60,171,623**	57,709,649

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

RUBICON ORGANICS INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

Expressed in Canadian Dollars, except for share information

	Notes	Number of Shares	Share Capital	Share-Based Reserves	Warrant Reserve	Reserves	Deficit	Total Shareholders' Equity
Balance, January 1, 2024		56,191,661	107,793,260	13,895,214	7,728,952	21,624,166	(91,523,108)	37,894,318
Share-based compensation	16	—	—	702,846	—	702,846	—	702,846
Net loss for the period		—	—	—	—	—	(1,892,342)	(1,892,342)
Balance, March 31, 2024		**56,191,661**	**107,793,260**	**14,598,060**	**7,728,952**	**22,327,012**	**(93,415,450)**	**36,704,822**
Balance, January 1, 2025		**56,528,092**	**108,303,161**	**15,455,562**	**7,728,952**	**23,184,514**	**(94,085,514)**	**37,402,161**
Share-based compensation	16	—	—	504,097	—	504,097	—	504,097
Vesting of RSUs		226,852	102,083	(102,083)	—	(102,083)	—	—
Net profit for the period		—	—	—	—	—	**(322,064)**	**(322,064)**
Balance, March 31, 2025		**56,754,944**	**108,405,244**	**15,857,576**	**7,728,952**	**23,586,528**	**(94,407,578)**	**37,584,194**

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

Expressed in Canadian Dollars

	Notes	For the three months ended March 31, 2025	March 31, 2024
OPERATING ACTIVITIES			
Net profit (loss) from continuing operations		**(322,064)**	(1,892,342)
Adjustments to reconcile net loss to cash used in operating activities			
Fair value adjustments to cannabis plants, inventory sold, and other charges	8	**(439,650)**	(164,252)
Depreciation and amortization	9	**764,237**	776,680
Share-based compensation	15	**504,097**	702,846
Interest on loans	12	**174,867**	279,084
Foreign exchange loss		**2,408**	142,689
Fair value gain on derivatives	13	**—**	(280,517)
Changes in non-cash working capital items	17	**(1,646,116)**	(423,346)
Cash (used) in operating activities		**(962,221)**	(859,158)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	9	**(731,081)**	(384,004)
Cash (used) in investing activities		**(731,081)**	(384,004)
FINANCING ACTIVITIES			
Principal payments		**(179,492)**	—
Interest paid	17	**(176,377)**	(385,800)
Repayment of lease liabilities		**(24,801)**	(17,395)
Cash (used) by financing activities		**(380,670)**	(403,195)
Effect of exchange rate changes on cash		**(2,408)**	(16,699)
Net increase (decrease) in cash during the period		**(2,076,380)**	(1,663,056)
Cash and cash equivalents, beginning of period		**9,857,264**	9,784,190
Cash and cash equivalents, end of period		**7,780,884**	8,121,134

The accompanying Notes form an integral part of these condensed consolidated interim financial statements.

Expressed in Canadian dollars

1. NATURE OF OPERATIONS

Rubicon Organics Inc. (the "Company", "Rubicon", or "ROI") is a British Columbia registered company incorporated on May 15, 2015.

The Company's principal business is the production and sale of cannabis in Canada. The Company produces and processes organic cannabis at its wholly owned, federally licensed 125,000 square foot facility in Delta, British Columbia (the "Delta Facility") which it sells under its wholly owned and other licensed brands.

The Company's common shares trade on the TSX Venture Exchange (the "TSXV") under the trading symbol "ROMJ" and on the OTCQX Best Market under the symbol "ROMJF".

The address of the Company's registered office and records is 1200 Waterfront Centre, 200 Burrard Street, PO Box 48600 Vancouver, British Columbia V7X 1T2. The Company's head office is unit 505, 744 West Hastings Street, Vancouver, British Columbia V6C 1A5.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. Certain information and note disclosures normally included in the audited annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Standards Interpretation Committee ("IFRIC") have been omitted or condensed. As a result, these condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2024 ("Annual Financial Statements").

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

These financial statements were authorized for issuance by the Board of Directors of the Company on May 27, 2025.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Company's Annual Financial Statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The critical estimates and judgements made in the preparation of these condensed consolidated interim financial statements are the same as those used in preparing the Company's Annual Financial Statements.

5. ACCOUNTS RECEIVABLE

	March 31, 2025	December 31, 2024
	$	$
Trade receivables	**5,479,582**	5,620,848
Sales taxes recoverable	**193,141**	207,153
Total accounts receivable	**5,672,723**	5,828,001

Trade receivables arise from sales of cannabis to distributors and retailers in Canada. As at March 31, 2025, 91% of trade receivables were with provincial government cannabis distributors (December 31, 2024: 94%). Trade receivables are net of a $711,337 provision for returns (December 31, 2024: $719,317).

Expressed in Canadian dollars

For the three months ended March 31, 2025, the Company had four customers (March 31, 2024: four customers) that individually represented more than 10% and together constituted 96% (March 31, 2024: 98%) of the Company's net revenue. Direct sales to provincial government cannabis distributors accounted for 96% of revenue (March 31, 2024: 99%).

6. PREPAID EXPENSES, DEPOSITS, & OTHER

	March 31, 2025 **$**	December 31, 2024 $
Prepaid expenses	**521,541**	590,828
Deposits	**1,809,444**	1,377,863
Deferred excise tax expense	**285,004**	427,579
Total prepaid expenses and deposits	**2,615,989**	2,396,270

7. INVENTORIES

Inventory as at March 31, 2025 and December 31, 2024 consisted of consumable inventory used in the propagation and transformation of the Company's cannabis plants, work-in-process ("WIP") inventory and finished goods.

	March 31, 2025 **$**	December 31, 2024 $
Consumable inventory	**1,724,447**	1,797,198
WIP inventory	**9,601,295**	8,075,105
Finished goods	**1,051,838**	863,436
Total inventories	**12,377,580**	10,735,739

At March 31, 2025, WIP inventory and finished goods include $5,660,995 of non-cash fair value of cannabis plants transferred upon harvest (December 31, 2024: $5,040,155).

At March 31, 2025, $910,943 of consumable inventory is expected to be utilized more than twelve months after the reporting period (December 31, 2024: $931,150).

8. CANNABIS PLANTS

The changes in the carrying value of cannabis plants was as follows:

	$
Balance, December 31, 2024	**1,834,548**
Change in fair value of cannabis plants	**2,657,769**
Transferred to WIP inventory upon harvest	**(2,838,959)**
Balance, March 31, 2025	**1,653,358**

The fair value of cannabis plants was determined using a valuation model that estimates the expected average yield per plant and applies this to the estimated fair value less costs to sell per gram of dried cannabis flower. These fair value measurements have been categorized as Level 3 of the fair value hierarchy because there is currently no actively traded commodity market in Canada for cannabis plants.

The significant assumptions applied in determining the fair value are as follows:

- expected average yield of approximately 67.1 grams per plant (December 31, 2024: 63.5 grams per plant); and
- comparable selling price of wholesale dried cannabis flower ranging from $1.36 to $1.67 per gram (December 31, 2024: $1.41 to $1.65 per gram).

Expressed in Canadian dollars

The comparable selling price used in the valuation is based on recently quoted prices of wholesale dried cannabis flower from licensed Canadian wholesalers and varies based on THC content. Expected average yields for cannabis plants are subject to a variety of factors, such as strains being grown, length of growing cycle, and space allocated for growing. Estimates of future yields are based on the historical weighted average of actual yields.

The Company periodically reassesses the significant assumptions applied in determining the fair value of cannabis plants based on historical information as well as the Company's planned production schedules. When there is a material change in any of the significant assumptions, the fair value of cannabis plants is adjusted.

For the period ended March 31, 2025, the Company determined the weighted average fair value less costs to sell was approximately $1.60 per dried gram (December 31, 2024: $1.60 per dried gram).

The Company has quantified the sensitivity of the significant unobservable inputs used to calculate the fair value recorded. A decrease in the comparable selling price per gram of 10% would result in a decrease in the value of cannabis plants of $214,863. A decrease in the expected average yield per plant of 10% would result in a decrease in the value of cannabis plants of $165,336.

The number of weeks in the growth cycle is fourteen to sixteen weeks from propagation to harvest. As at March 31, 2025, the cannabis plants were estimated to be, on average, 33% complete (December 31, 2024: 32% complete).

The fair value adjustment to cannabis plants, inventory sold, and other charges for the three months ended March 31, 2025 and 2024 is comprised of the following:

	For the three months ended	
	March 31, 2025	March 31, 2024
	$	$
Unrealized gain on changes in fair value of cannabis plants	**3,281,224**	2,594,738
Realized fair value of inventory sold	**(2,782,033)**	(2,096,229)
Adjustment to net realizable value of inventory on hand at period end	**(59,541)**	(334,257)
	439,650	164,252

9. PROPERTY, PLANT AND EQUIPMENT

Cost	**Buildings and leasehold improvements $**	**Equipment and vehicles $**	**Land $**	**Construction in progress $**	**Total $**
At December 31, 2024	19,621,400	15,954,274	2,040,722	69,024	37,685,420
Additions	35,665	15,073	—	135,866	186,604
Commissioned during the period	175,656	13,635	—	(189,291)	—
At March 31, 2025	**19,832,721**	**15,982,982**	**2,040,722**	**15,599**	**37,872,024**
Accumulated depreciation					
At December 31, 2024	4,364,489	9,826,958	—	—	14,191,447
Depreciation	265,629	545,583	—	—	811,212
At March 31, 2025	**4,630,118**	**10,372,541**	**—**	**—**	**15,002,659**
Net book value					
At March 31, 2025	**15,202,603**	**5,610,441**	**2,040,722**	**15,599**	**22,869,365**

Expressed in Canadian dollars

Cost	Buildings and leasehold improvements $	Equipment and vehicles $	Land $	Construction in progress $	Total $
At December 31, 2023	18,557,095	15,213,816	2,040,722	533,862	36,345,495
Additions	526,157	76,664	—	737,104	1,339,925
Commissioned during the period	538,148	663,794	—	(1,201,942)	—
At December 31, 2024	**19,621,400**	**15,954,274**	**2,040,722**	**69,024**	**37,685,420**
Accumulated depreciation					
At December 31, 2023	3,327,300	7,704,047	—	—	11,031,347
Depreciation	1,037,189	2,122,911	—	—	3,160,100
At December 31, 2024	**4,364,489**	**9,826,958**	**—**	**—**	**14,191,447**
Net book value					
At December 31, 2024	**15,256,911**	**6,127,316**	**2,040,722**	**69,024**	**23,493,973**

For the three months ended March 31, 2025, depreciation of $553,793 was included in production costs (March 31, 2024: $529,542) and $63,728 was capitalized to inventory (March 31, 2024: $112,030).

During the three months ended March 31, 2025, the total amount of depreciation recognized in cost of sales was $163,071 (March 31, 2024: $186,574).

10. INTANGIBLE ASSETS

Cost and carrying amount	Licenses $	Patents, trademarks and other rights $	Total $
At December 31, 2024	1,881,749	500,000	2,381,749
At March 31, 2025	**1,881,749**	**500,000**	**2,381,749**

The intangible assets are the Health Canada license and the Wildflower™ brand. The Health Canada license was acquired in 2017 when RHC acquired all the outstanding common shares of Vintages Organic Cannabis Company Inc. for $1,881,749. The Wildflower™ brand was acquired on October 5, 2022, for $500,000. The Health Canada license was measured at fair value at the time of acquisition. The Wildflower™ brand was measured at cost at the time of acquisition. Both intangible assets have an indefinite life. The Company expects to renew the license at each expiry date indefinitely and expects the Wildflower™ brand to generate economic benefit in perpetuity.

Expressed in Canadian dollars

11. LEASES

Information about leases for which the Company is a lessee is presented below.

a. Right-of-use assets

Cost	Office leases	Equipment and vehicles	Total
	$	$	$
At December 31, 2024	172,845	97,396	270,241
At March 31, 2025	**172,845**	**97,396**	**270,241**
Accumulated depreciation			
At December 31, 2024	96,025	90,439	186,464
Depreciation	14,404	3,479	17,883
At March 31, 2025	**110,429**	**93,918**	**204,347**
Net book value			
At March 31, 2025	**62,416**	**3,478**	**65,894**

Cost	Office leases	Equipment and vehicles	Total
	$	$	$
At December 31, 2023	172,845	97,396	270,241
At December 31, 2024	**172,845**	**97,396**	**270,241**
Accumulated depreciation			
At December 31, 2023	38,410	76,526	114,936
Depreciation	57,615	13,913	71,528
At December 31, 2024	**96,025**	**90,439**	**186,464**
Net book value			
At December 31, 2024	**76,820**	**6,957**	**83,777**

b. Lease payments recognized in profit / loss from operations

The Company leases trailers for office space and natural gas generators for supplemental power on a short-term basis. The lease costs for the three months ended March 31, 2025, of $100,218 (March 31, 2024: $108,306) were expensed on a straight-line basis over the lease term.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2025	December 31, 2024
	$	$
Trade payables	**850,219**	1,781,021
Accrued liabilities	**4,022,719**	3,423,312
Excise taxes payable	**3,210,371**	4,058,898
Total accounts payable and accrued liabilities	**8,083,309**	9,263,231

Expressed in Canadian dollars

13. LOANS AND BORROWINGS

The changes in the carrying value of current and non-current loans and borrowings are as follows:

	Credit Facilities $
At December 31, 2024	9,800,117
Interest accrued on loans	174,867
Interest payments	(173,636)
Principal payments	(179,493)
At March 31, 2025	**9,621,855**
Less: current portion	**1,324,419**
Non-current loans and borrowings	**8,297,436**

	Debenture $	Credit Facilities $	Total $
At December 31, 2023	10,259,562	—	10,259,562
Loan received	—	9,800,790	9,800,790
Interest accrued on loans	1,083,226	66,355	1,149,581
Interest payments	(760,860)	(63,242)	(824,102)
Principal payments	(11,208,000)	(3,786)	(11,211,786)
Foreign exchange loss	626,072	—	626,072
At December 31, 2024	**—**	**9,800,117**	**9,800,117**
Less: current portion	**—**	**1,321,678**	**1,321,678**
Non-current loans and borrowings	**—**	**8,478,439**	**8,478,439**

Total interest accrued on loans for the three months ended March 31, 2025, was $174,867 (March 31, 2024: $279,084). All interest payments due within twelve months are classified as current.

14. SHARE CAPITAL

a. Authorized

The Company is authorized to issue an unlimited number of common shares with no par value.

b. Issued and fully paid

Common shares	**#**	**$**
December 31, 2023	**56,191,661**	**107,793,260**
Vesting of RSUs	**66,667**	**182,501**
Vesting of DSUs	**210,000**	**302,000**
Shares for Debt	**59,764**	**25,400**
December 31, 2024	**56,528,092**	**108,303,161**
Vesting of RSUs	**226,852**	**102,083**
March 31, 2025	**56,754,944**	**108,405,244**

Expressed in Canadian dollars

15. RESERVES

a. Options

Under the Company's Omnibus Equity Incentive Plan, approved by shareholders on July 31, 2024, the Board of Directors may grant stock options, restricted share awards, restricted share units, performance share units, and deferred share units ("Equity Awards") to eligible directors, officers, employees, and consultants of the Company and its subsidiaries. The Omnibus Equity Incentive Plan is a fixed plan under which the aggregate maximum number of Common Shares that may be issued upon the exercise or settlement of awards granted is 4,846,192 Common Shares.

The exercise price of stock options issued pursuant to the Equity Plans is determined by the Board of Directors but cannot be lower than the fair market value of the common shares subject to option on the date of grant. The options vest and become exercisable as determined by the Board of Directors at the time of the grant. Unless determined otherwise by the Board of Directors, the options expire within five years from the date of grant.

The Company has granted options to purchase common shares under the Equity Plans as follows:

	Number of options #	Weighted average exercise price $
Outstanding, December 31, 2023	**2,466,365**	**$1.57**
Granted	15,000	$0.50
Forfeited	(97,499)	$0.78
Expired	(227,833)	$1.98
Outstanding, December 31, 2024	**2,156,033**	**$1.54**
Expired	(3,833)	$0.89
Outstanding, March 31, 2025	**2,152,200**	**$1.54**

The following table provides information on stock options outstanding and exercisable as at March 31, 2025:

		Options outstanding		Options exercisable	
Expiry Date	**Exercise Price**	**Number of options**	**Weighted average remaining contractual life (years)**	**Number of options**	**Weighted average remaining contractual life (years)**
December 31, 2025	$0.85	496,999	0.75	496,999	0.75
November 16, 2026	$0.85	70,000	1.63	70,000	1.63
July 13, 2027	$0.86	640,200	2.28	640,200	2.28
November 30, 2027	$0.85	145,000	2.67	105,000	2.67
June 1, 2028	$0.90	800,001	2.77	516,666	2.77
		2,152,200	**2.12**	**1,828,865**	2.00

During the three months ended March 31, 2025, the Company recognized $10,671 in share-based compensation expense pertaining to options (March 31, 2024: $27,949).

b. Warrants

The Company's outstanding warrants consisted of the following:

			Number of Warrants	
Issue Date	**Expiry Date**	**Exercise Price**	**March 31, 2025**	**December 31, 2024**
June 15, 2022	December 31, 2025	$1.34	882,000	882,000

Each warrant is exercisable into one common share of the Company upon payment of the exercise price.

Expressed in Canadian dollars

c. Restricted Share Units ("RSUs")

During the three months ended March 31, 2025, the Company recorded $316,748 in share-based compensation pertaining to RSUs (March 31, 2024: gain of $464,898). As at March 31, 2025, there were 3,903,966 RSUs outstanding (December 31, 2024: 3,321,106), of which 809,712 were granted during the three months ended March 31, 2025.

d. Deferred Stock Units ("DSUs")

During the three months ended March 31, 2025, the Company recorded $150,362 in share-based compensation pertaining to DSUs (March 31, 2024: $210,000). As at March 31, 2025, there were 1,966,692 DSUs outstanding (December 31, 2024: 1,966,692).

e. Performance Share Units ("PSUs")

During the three months ended March 31, 2025, the Company recorded $26,316 in share-based compensation pertaining to PSUs (March 31, 2024: nil). As at March 31, 2025, there were 809,712 PSUs outstanding (December 31, 2024: nil), of which 809,712 were granted during the three months ended March 31, 2025.

16. RELATED PARTY TRANSACTIONS

a. Related party transactions

Accounts payable and accrued liabilities at March 31, 2025, included $32,500 (December 31, 2024: $27,500) owed to executives and directors of the Company for expenses paid on behalf of the Company.

The Company obtained a consulting agreement with its largest shareholder, a related party (the "Related Party") which was terminated in September 2024. During the three months ended March 31, 2025, the Company incurred an expense of $nil for consulting services (March 31, 2024: $12,000), and $nil in related expenses payable to the Related Party (March 31, 2024: $2,250).

b. Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors. Key management compensation for the three months ended March 31, 2025 was comprised of:

	March 31, 2025 $	March 31, 2024 $
Salaries and accrued salaries	**276,377**	254,690
Bonuses in accrued liabilities	**84,375**	54,688
Share based compensation	**346,520**	387,683
Total compensation of key management personnel	**707,272**	697,061

Expressed in Canadian dollars

17. SUPPLEMENTAL CASH FLOW INFORMATION

Change in non-cash working capital items for the three months ended:

	March 31, 2025 $	March 31, 2024 $
Accounts receivable	**155,278**	(566,096)
Prepaids and deposits	**65,941**	232,951
Inventory	**(956,146)**	(146,123)
Accounts payable and accrued liabilities	**(921,103)**	50,732
Interest payable	**54,098**	—
Interest on lease liabilities	**9,914**	5,190
Current portion of loans and borrowings	**(54,098)**	—
Change in non-cash working capital items	**(1,646,116)**	(423,346)

As at March 31, 2025, accounts payable and accrued liabilities include $4,555 related to capital asset additions (December 31, 2024: $70,050).

Cash and cash equivalents consist of the following:

	March 31, 2025 $	December 31, 2024 $
Cash	**5,812,569**	7,898,579
Cash equivalents	**1,968,315**	1,958,685
Total cash and cash equivalents	**7,780,884**	9,857,264

Cash equivalents consist of redeemable guaranteed investment certificates that are immediately convertible to cash.

18. SUBSEQUENT EVENTS

On April 15, 2025, the Company announced a non-brokered private placement under the listed issuer financing exemption in accordance with Part 5A of National Instrument 45-106 – Prospectus Exemptions. The initial offering comprised up to 6,818,182 units at a price of $0.44 per unit, for gross proceeds of up to $3,000,000. In response to strong investor demand, the Company increased the offering to up to 10,227,272 units for gross proceeds of up to $4,500,000. Each unit consisted of one common share and one-half of one common share purchase warrant. On May 7, 2025, the Company completed the offering, issuing 10,227,265 units at $0.44 per unit, for total gross proceeds of approximately $4,500,000.

The Company has entered into a Purchase and Sale Agreement (PSA) to acquire a purpose-built indoor cultivation facility, located in the community of Hope, British Columbia, for $4,500,000. On May 22, 2025 the Company removed conditions related to the PSA and the transaction is expected to be completed in the second quarter of 2025.