FORTE GROUP

FORTE GROUP HOLDINGS INC.
(formerly BevCanna Enterprises Inc.)

Condensed Consolidated Interim Financial Statements

(Unaudited)

For the six months ended June 30, 2025 and 2024

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102 “Continuous Disclosure Obligations”, if an auditor has not performed a review of the interim financial statements, the financial statements must be accompanied by a notice indicating that they have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated 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 standards established by CPA (Chartered Professional Accountants) Canada for a review of interim financial statements by an entity’s auditor.

August 28, 2025

Forte Group Holdings Inc. (formerly BevCanna Enterprises Inc.)

Condensed Consolidated Interim Statements of Financial Position (Unaudited)
(Expressed in Canadian dollars)

	Notes	June 30, 2025	December 31, 2024
ASSETS		$	$
Current			
Cash and cash equivalents	3	34,458	203,203
Receivables	4	487,975	460,210
Inventory	5	158,761	102,303
Prepaid expenses and deposits	6	104,123	104,447
		785,317	870,163
Property, plant and equipment, net	7	8,995,215	9,191,350
Intangible assets	8	901,943	1,220,439
TOTAL ASSETS		10,682,475	11,281,952
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Current			
Accounts payable and accrued liabilities	10	2,729,529	2,728,204
Deferred revenue		12,000	25,000
Short term loan payable	12,14	2,565,009	2,780,699
Due to related parties	12	44,885	97,882
Promissory note	11	3,653,560	3,079,772
Subscriptions received		-	258,616
Convertible debentures	13	588,548	568,712
		9,593,531	9,538,885
Non-current			
CEBA loans	15	62,616	62,329
		9,656,147	9,601,214
Shareholders' equity (deficit)			
Share capital	16	146,766,165	145,267,902
Common shares held in treasury	16	(1,596,460)	(2,295,917)
Obligation to issue shares	16	1,000,000	1,000,000
Reserve	16,17,18	24,013,445	24,712,842
Accumulated other comprehensive income		4,301	7,031
Accumulated Deficit		(169,161,123)	(167,011,120)
Equity (Deficit) attribute to shareholders of the parent		1,026,328	1,680,738
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		10,682,475	11,281,952

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 22)
Subsequent events (Note 24)

Approved and authorized for issue on behalf of the Board of Directors on August 28, 2025

"Marcello Leone" "Howard Blank"

Director, Marcello Leone Director, Howard Blank

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

Forte Group Holdings Inc. (formerly BevCanna Enterprises Inc.)

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (Unaudited)
(Expressed in Canadian dollars)

		Three months ended June 30,		Six months ended June 30,	
	Notes	**2025**	**2024**	**2025**	**2024**
		$	$	$	$
Revenue	21	31,972	16,495	67,517	36,031
Cost of revenue	21	(19,420)	(11,230)	(43,902)	(22,125)
Gross profit (loss)		12,552	5,265	23,615	13,906
Expenses					
Amortization	7,8	257,316	182,573	514,631	311,071
Filing expense		4,316	6,105	17,892	25,205
Investors relations		-	1,920	-	2,670
Marketing		10,932	174,572	52,599	320,328
Management fee	12	167,091	168,450	351,268	381,450
Legal fee		139,985	156,967	237,408	216,489
Plant operation and office expenses		106,880	58,977	189,302	217,864
Professional and consulting fee	12	314,526	1,720,836	676,638	3,696,174
Rent		4,198	4,421	13,880	4,421
Research and development		(139)	935	7,632	1,210
Salaries		8,892	116,841	69,468	195,547
Share-based payments		-	610,077	-	610,077
Travel		7,926	-	8,075	1,939
		1,021,923	3,202,674	2,138,793	5,984,455
Other expenses (income):					
Accretion expense		-	1,333	-	1,344
Finance cost		192,178	157,122	363,820	304,073
Foreign exchange loss (gain)		(32,181)	(7,473)	(35,874)	6,996
Government grants		-	-	-	20,000
Impairment of prepaids & deposits		-	-	-	9,237
Loss on debt settlement	16	76,466	1,114,882	123,898	56,201
Other gain		(264,182)	-	(417,019)	-
		(27,739)	1,265,864	34,825	397,851
Net loss from continuing operations		(981,632)	(4,463,273)	(2,150,003)	(6,368,390)
Loss from discontinued operations	9	-	(12,557)	-	(78,256)
		(981,632)	(4,475,830)	(2,150,003)	(6,446,646)
Total loss attributable to:					
Shareholders of the parent		(981,632)	(4,474,308)	(2,150,003)	(6,445,124)
Non-controlling interest		-	(1,522)	-	(1,522)
		(981,632)	(4,475,830)	(2,150,003)	(6,446,646)
Other comprehensive income (loss)					
Item that may be reclassified subsequently to income or loss:					
Exchange differences on the translation of foreign operation		3,219	-	2,730	-
Total comprehensive loss		(978,413)	(4,475,830)	(2,147,273)	(6,446,646)
Total loss attributable to:					
Continuing operations		(978,413)	(4,463,273)	(2,147,273)	(6,368,390)
Discontinued operations	9	-	(12,557)	-	(78,256)
		(978,413)	(4,475,830)	(2,147,273)	(6,446,646)
Loss per share attributes to shareholders of the parent (basic and diluted)		(0.05)	(0.40)	(0.11)	(0.57)
Weighted average number of shares outstanding (basic and diluted)		17,170,504	4,365,819	17,170,504	4,365,819

Forte Group Holdings Inc. (formerly BevCanna Enterprises Inc.)

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Unaudited)
(Expressed in Canadian dollars)

	Common shares		Common shares held in treasury	Contributed Surplus	Obligation to issue shares	Accumulated other comprehensive income (loss)	Accumulated Deficit	Equity (Deficit) attributable to shareholders of the parent	Accumulated deficit attributable to non-controlling interest	Total
	Number of shares	Amount ($)	$	$		$	$	$	$	$
Balance, December 31, 2023	**1,617,347**	**132,828,592**	**(3,790,545)**	**25,623,198**	**1,000,000**	**7,171**	**(159,284,163)**	**(3,615,747)**	**(697,501)**	**(4,313,248)**
Shares issued for debt settlement	7,643,587	7,906,967	-	(65,391)	-	-	-	7,841,576	-	7,841,576
Shares issued for cash, net	2,246,206	1,467,511	-	42,489	-	-	-	1,510,000	-	1,510,000
Shares issued for acquisition	4,166,663	2,708,331	-	-	-	-	-	2,708,331	-	2,708,331
Conversion of convertible debt	541,264	356,501	-	-	-	-	-	356,501	-	356,501
Share-based payments	-	-	-	610,077	-	-	-	610,077	-	610,077
Purchase of treasury shares	-	-	(11,165)	-	-	-	-	(11,165)	-	(11,165)
Reissuance of treasury shares	-	-	1,505,793	(1,497,531)	-	-	-	8,262	-	8,262
Net loss and comprehensive loss	-	-	-	-	-	(140)	(7,726,957)	(7,727,097)	697,501	(7,029,596)
Balance, December 31, 2024	**16,215,067**	**145,267,902**	**(2,295,917)**	**24,712,842**	**1,000,000**	**7,031**	**(167,011,120)**	**1,680,738**	**-**	**1,680,738**
Shares issued for debt settlement	2,143,266	1,003,264	-	-	-	-	-	1,003,264	-	1,003,264
Shares issued for cash, net	824,999	494,999	-	-	-	-	-	494,999	-	494,999
Purchase of treasury shares	-	-	(2,490)	-	-	-	-	(2,490)	-	(2,490)
Reissuance of treasury shares	-	-	701,947	(699,397)	-	-	-	2,550	-	2,550
Net loss and comprehensive loss	-	-	-	-	-	(2,730)	(2,150,003)	(2,152,733)	-	(2,152,733)
Balance, June 30, 2025	**19,183,332**	**146,766,165**	**(1,596,460)**	**24,013,445**	**1,000,000**	**4,301**	**(169,161,123)**	**1,026,328**	**-**	**1,026,328**

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

Forte Group Holdings Inc. (formerly BevCanna Enterprises Inc.)

Condensed Consolidated Interim Statements of Cash Flows (Unaudited)
(Expressed in Canadian dollars)

Six months ended June 30,	2025	2024
	$	$
Operating activities		
Net loss from Continuing operations	(2,150,003)	(6,445,124)
Net income (loss) from Discontinued operations	-	(78,256)
Items not affecting cash:		
Amortization	514,631	311,071
Accretion expense	-	1,344
Finance costs	282,140	108,243
Impairment of prepaids & deposits	-	9,237
Loss (gain) on debt settlement	123,898	56,201
Other loss (gain)	(417,019)	-
Unrealized foreign exchange loss (gain)	51,073	3,625
Share-based payments	-	20,000
Government grant	-	610,077
	(1,595,280)	(5,403,582)
Changes in non-cash working capital items:		
Receivable	(27,765)	(164,349)
Prepaid expenses and deposits	324	(46,641)
Inventory	(56,458)	3,326
Deferred revenue	(13,000)	-
Accounts payable and accrued liabilities	757,646	3,942,341
Due to related parties	(52,997)	(57,938)
Cash used in (provided by) operating activities	(987,530)	(1,610,967)
Investing activities		
Cash used in investing activities	-	-
Financing activities		
Proceeds from short-term loan	494,999	812,065
Proceeds from sale of treasury share	2,550	-
Repurchase of shares to treasury	(2,490)	-
Proceeds from issuance of promissory notes	404,500	-
Proceeds from issuance of common shares	-	510,000
Shares issued for redemption of convertible debentures		250,000
Finance costs	(81,680)	(38,709)
Cash provided by financing activities	817,879	1,533,356
(Decrease) increase in cash and cash equivalents	(169,651)	(77,611)
Effect of change in foreign exchange rate on cash	906	(2,054)
Cash and cash equivalents, beginning	203,203	138,852
Cash and cash equivalents, ending	34,458	59,187

Supplemental non-cash information		
Accrued costs in property and equipment	78,971	230,890
Shares issued on settlement of debt	1,003,264	-

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

1) Nature of Operations and Going Concern

Forte Group Holdings Inc. (formerly BevCanna Enterprises Inc.) (the “Company”) is a next-generation beverage and nutraceutical company focused on longevity and human performance, incorporated under the Business Corporations Act in British Columbia on July 13, 2017. Effective October 18, 2024, the Company changed its name from BevCanna Enterprises Inc. to Forte Group Holdings Inc. Concurrent with the name change, the Company's trading symbol on the Canadian Securities Exchange ("CSE") changed to "FGH", and its common shares began trading under the new name and trading symbol the same date. The Company’s common shares also began trading in the United States on the OTC Pink Market under symbol “FGHFF” on October 30, 2024, and in Germany on the Frankfurt Stock Exchange under the symbol “7BC0”. The registered record office of the Company is 2501 – 550 Burrard Street, Vancouver, BC V6C 2B5 Canada.

The Company develops and manufactures and markets the TRACE brand of Blackwater and TRACE Alkaline water, liquid concentrates, and powders, additionally it offers custom beverage manufacturing on a private and white label basis through its wholly owned subsidiary Naturo Group Enterprises Inc. The Company also plans to launch direct-to-consumer ecommerce sales of nutraceutical products through its recent acquisition of Greenflame Distribution Ltd.

On December 20, 2023, the Company completed a 10:1 share consolidation.

On February 26, 2024, the Company completed a 20:1 share consolidation. The effect of the share consolidation has been presented from the earliest year presented; December 31, 2023 restating the statement of shareholders’ equity.

Going concern

As of June 30, 2025, the Company has accumulated deficit of $169,161,123 including cash and non-cash transactions (December 31, 2024: $167,011,120) and negative working capital of $8,808,214 (December 31, 2024: $8,668,722). The Company’s accumulated losses and working capital deficit has primarily been funded through financing activities. The Company will need to raise additional capital during the next twelve months and beyond to support current operations and planned development.

The Company intends to rely on its ability to fund operations through future private placement equity financings, share for debt settlements, and/or long-term convertible or standard debt, but there is no guarantee the Company will be able to raise any such funds to address the deficiency or, if it can, on terms favorable to the Company. Further, any such equity financings, share for debt settlements, and/or convertible debt may materially dilute existing shareholders. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company’s ability to continue as a going concern.

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the classifications used in the consolidated statement of financial position, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Additional details are included in Note 24, Subsequent Events that are pertinent to the Company’s ability to continue as a going concern.

2) Material accounting policy information

(a) Statement of compliance

These consolidated financial statements have been prepared using accounting policies consistent with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Certain comparatives have been reclassified to the current period's presentation.

These consolidated financial statements were approved by the Company's Board of Directors on August 27, 2025.

(b) Basis of measurement

These condensed consolidated financial statements have been prepared in accordance with IFRS Accounting Standards. The condensed consolidated financial statements have been prepared under the historical cost convention. The condensed consolidated financial statements are presented in Canadian dollars, unless otherwise noted.

(c) Principles of consolidation and non-controlling interest

These condensed consolidated financial statements include the accounts of the Company and of the entities it controls (the "subsidiaries"). Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies. Subsidiaries are consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

When the Company ceases to consolidate a subsidiary due to a loss of control of the entity, the investment in the entity is re-measured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

In the prior year, through the assignment of bankruptcy claims made of certain subsidiaries (deconsolidated operations), the Company no longer had control over these subsidiaries; these subsidiaries were deconsolidated from the date of loss of control.

All intercompany transactions, balances and unrealized gains and losses on intercompany transactions are eliminated on consolidation.

2) Material accounting policy information (continued)

(c) Principles of consolidation and non-controlling interest (continued)

The details of the Company's principal subsidiaries are as follows:

Name of subsidiary or controlled entity	Principal activity	Place of incorporation	Ownership Interest
Continuing Operations			
Naturo Group Enterprises Inc. (formerly Naturo Group Investments Inc., "Naturo")	Wellness beverages & nutraceuticals	Canada	100%
Forte Group Realty Inc. (formerly Forte Entertainment Inc., "Forte Realty")	Brand operation	Canada	100%
Greenflame Distribution Ltd. ("Greenflame")	E-commerce wellness nutraceuticals (DTC)	Canada	100%
Deconsolidated Operations			
Naturo Springs Inc. ("Springs")	Bottled spring water	Canada	79%
BevCanna Operating Corp. ("BCO")	THC/CBD beverages	Canada	100%
Naturally Pure Therapy Products Corp. ("Pure Therapy")	E-commerce wellness nutraceuticals	Canada	100%
Embark Health, Inc. ("Embark")	Manufacturing products	Canada	100%

On December 12, 2023, Springs made an assignment in bankruptcy. There were no assets left before the Company filed for bankruptcy.

i. On January 25, 2024, BCO made an assignment in bankruptcy. There were no assets left before the Company filed for bankruptcy.

ii. On July 19, 2024, Embark and its subsidiary Embark Delta Inc. made an assignment in bankruptcy.

iii. On September 24, 2024, Pure Therapy filed for dissolution.

- Carmanah Craft Corp. dissolved in November 2023.
- Exceler Holdings Ltd dissolved in July 2023.

On July 29, 2025, the Company changed the name of its wholly-owned subsidiary from Forte Group Entertainment Inc. to Forte Group Realty Inc. ("Forte Realty"). Forte Realty is focused on managing the Company's office and real estate lease interests. It plans to continue operations at its existing office facilities.

(d) Foreign currency translation

Functional and reporting currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company, Forte Realty, BCO, Naturo and Springs is the Canadian dollar. The functional currency of Pure Therapy and Greenflame is the US dollar. The condensed consolidated financial statements are presented in Canadian dollars.

2) Material accounting policy information (continued)

(d) Foreign currency translation (continued)

Transactions and balances

Foreign currency transactions are translated into Canadian dollars using the exchange rates prevailing at the dates of the transactions or the date of valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of the monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive loss.

Consolidation

The results and financial position of all the companies that have a functional currency different from the reporting currency are translated into the reporting currency as follows:

- assets and liabilities are translated at the closing rate at the date of that statement of financial position;
- income and expenses are translated at average exchange rates; and
- all resulting exchange differences are recognized in other comprehensive income (loss) and accumulated in other comprehensive income (loss) within equity.

(e) Critical accounting estimates

Critical accounting estimates

The preparation of condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. The Company regularly reviews its estimates and assumptions; however, it is possible that circumstances may arise which may cause actual results to differ from management estimates, and these differences could be material. Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to estimates are recorded prospectively.

Discontinued operations

Discontinued operations are reported when a component of the Company, representing a separate major line of business or geographical area of operations with clearly distinguishable cash flows, has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. Discontinued operations are reported as a separate element on the consolidated statements of loss and comprehensive loss for both the current and comparative periods. Details of the discontinued operations are included in the table above and has been classified and reported as a discontinued operation

2) Material accounting policy information (continued)

(e) Critical accounting estimates (continued)

Impairment of non-financial assets

At each reporting date, the Company assesses its non-financial assets to determine whether there are any indications of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. Non-financial assets that do not generate independent cash flows are grouped together into a cash generating unit ("CGU"), which represents the lowest level at which largely independent cash flows are generated. The recoverable amount of a CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is calculated as the present value of the estimated future cash flows discounted at appropriate discount rates. These calculations require the use of estimates and assumptions.

Estimated useful lives of property, plant and equipment and intangible assets

Depreciation of property, plant and equipment and amortisation of intangible assets is dependent upon estimates of useful lives and residual values which are determined through knowledge of the business and judgment. Residual values, useful lives, depreciation and amortization methods are reviewed annually for relevancy and changes are accounted for prospectively. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic conditions, market conditions and the useful lives of the assets.

Significant Judgments

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

i. The assessment of the Company's ability to continue as a going concern and its ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in Note 1.

ii. The determination of whether a set of assets acquired and liabilities assumed in an acquisition constitute a business may require the Company to make certain judgments, over the nature of assets and aggregation of similar assets as taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs, or economic benefits.

(f) Financial instruments

Financial instruments are accounted for in accordance with IFRS 9 Financial Instruments: Classification and Measurement. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2) Material accounting policy information (continued)

(f) Financial instruments (continued)

The following table shows classification of the financial assets and liabilities:

Financial asset / liability	IFRS 9 Classification
Cash and cash equivalents	Amortized cost
Receivables	Amortized cost
Prepaids & deposits	Amortized cost
Accounts payable	Amortized cost
Due to related parties	Amortized cost
Promissory note	Amortized cost
Short term loan payable	Amortized cost
Convertible debentures	Amortized cost
Subscriptions received	Fair value through the P&L
Other loans	Amortized cost

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

Impairment of financial assets

IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables. An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to an estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

2) Material accounting policy information (continued)

(f) Financial instruments (continued)

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Trade payables and due to related parties are classified under other financial liabilities and carried on the statement of financial position at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are generally recognized in profit or loss.

(g) Business combinations

The Company accounts for a transaction as a business combination when the acquisition of an asset or group of assets constitutes a business and when the Company obtains control of the entity being acquired. Business combinations are accounted for using the acquisition method. In applying the acquisition method, the Company separately records the identifiable assets acquired, the liabilities assumed, and goodwill acquired and any non-controlling interest in the acquired entity. If the group of assets does not constitute a business the Company applies the optional concentration test and assess the similarity of the assets acquired as an asset acquisition.

The Company measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values, less any non-controlling interest at fair value. Goodwill is measured as the excess of the fair value of the consideration transferred, less any non-controlling interest in the entity being acquired over the fair value of the net identifiable assets acquired. The consideration transferred in a business combination is measured as the aggregate of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities assumed by the acquirer on behalf of the acquiree, any contingent consideration and the equity interests issued by the Company.

Transaction costs, other than those associated with the issuance of debt or equity securities that the Company incurs in connection with a business combination, are expensed as incurred; and capitalised to the assets acquired in an asset acquisition.

The acquisition date is the date when the Company obtains control of the acquiree. Contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as a liability is re-measured at subsequent reporting dates in accordance with the criteria and guidance provided under IFRS with corresponding gain or loss recorded in the consolidated statements of loss and comprehensive loss.

2) Material accounting policy information (continued)

(h) Intangible assets

Intangible assets are recorded as cost less accumulated amortization and any accumulated impairment losses. Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The useful lives of intangible assets are assessed as either finite or indefinite. The amortization method and amortization period of an intangible asset with a finite useful life is reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of economic benefits embodied in the asset are accounted for by changing the amortization period or method as appropriate and are treated as a change in accounting estimates.

The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of comprehensive loss. Intangible assets with indefinite useful lives are not amortized but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets are primarily comprised of the library of brand, water rights, marketing intangibles and Independent Business Owner ("IBO") relationships acquired from external acquisitions and are classified as finite use life intangible assets and are amortized as follows:

	Useful Life (years)
IBO relationships	2
Marketing intangibles	9
Brand	20
Product Formulations	5

(i) Inventory

Inventory consists primarily of finished goods, raw ingredients and packaging. Inventory is valued at the lower of cost and net realizable value with cost based upon the weighted average method of inventory costing. The realizable value of finished goods is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The cost of inventory is based on landed cost, which includes all costs incurred to bring inventory to the Company's distribution centers. If the Company determines that the estimated net realizable value of its inventory is less than the carrying value of such inventory, it records it as a charge to cost of sales.

(j) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated amortization and impairment charges. The cost of repair and maintenance is expensed as incurred. Depreciation is provided using the declining balance method over the estimated useful lives of the assets. Upon sale or other disposition of a depreciable asset, cost and accumulated depreciation are removed from the property and equipment and any gain or loss is recorded to profit or loss.

2) Material accounting policy information (continued)

(j) Property, plant and equipment (continued)

The significant class of property and equipment is as follows:

	Depreciation
Building and warehouse	25 Years
Furniture and equipment	5 Years

Land is not amortized.

(k) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, the asset is then tested for impairment by comparing its recoverable amount to its carrying value. Goodwill and indefinite life intangible assets are tested for impairment annually or when a triggering event for impairment is identified.

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill and indefinite life intangible assets are allocated to a CGU for the purpose of impairment testing based on the level at which management monitors them, which is not higher than an operating segment. The allocation is made to the CGU that is expected to benefit from the business combination in which the goodwill arose.

When the recoverable amount of each separately identifiable asset or CGU is less than its carrying value, the asset or CGU's assets are written down to their recoverable amount with the impairment loss charged against profit or loss. The recoverable amount of an asset or a CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows from the asset or CGU, discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. The fair value less costs to sell is based on the best information available to reflect the amount that could be obtained from the disposal of the asset or CGU in an arm's length transaction between knowledgeable and willing parties, net of estimates of the costs of disposal.

For asset impairments other than goodwill, the impairment loss reduces the carrying amounts of the non-financial assets in the CGU on a pro-rata basis, up to an asset's individual recoverable amount. Any loss identified from goodwill impairment testing is first applied to reduce the carrying amount of goodwill allocated to the CGU grouping, and then to reduce the carrying amounts of the other non-financial assets in the CGU on a pro-rata basis. Impairment losses and reversals are recognized separately from operations in the consolidated statement of loss and comprehensive loss.

(l) Non-controlling interest ("NCI")

NCI is measured at its proportionate share of the acquiree's identifiable net assets or liabilities. Net income or loss and comprehensive income or loss for the period are allocated between NCI and shareholders of the parent. NCI in subsidiaries must be presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

2) Material accounting policy information (continued)

(m) Convertible debentures

The components of the compound financial instruments (convertible debentures) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. The conversion option that will be settled by the exchange of a fixed amount in cash for a fixed number of equity instruments of the Company is classified as an equity instrument. At the issue date, the liability component is recognized at fair value, which is estimated using the effective interest rate on the market for similar nonconvertible instruments. Subsequently, the liability component is measured at amortized cost using the effective interest rate until it is extinguished on conversion or maturity.

The value of the conversion option classified as equity is determined at the issue date, by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This amount is recognized in equity, net of tax effects, and is not revised subsequently. When the conversion option is exercised, the equity component of the convertible debentures will be transferred to share capital. No profit or gain is recognized to the conversion or expiration of the conversion option.

Transaction costs related to the issuance of the convertible debentures are allocated to the liability and equity components in proportion to the initial carrying amounts. Transaction costs related to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying value of the liability component and amortized over the estimated useful life of the debentures using the effective interest rate method.

(n) Revenue recognition

The Company derives its revenue from sales of manufactured bottled water, as well as direct online sales of natural health products through its e-commence platform operated by Greenflame. To recognize its revenue, the Company performs the five-step model analysis in accordance with IFRS 15 Revenue from Contract with Customers as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company recognizes revenues from its beverage and natural health product sales when the products are delivered or drop-shipped to the customers and there is no unfulfilled obligation that could affect the customer’s acceptance. These criteria are generally met at the time the products are dispatched, which is generally when control of the goods has passed to the customer.

2) Material accounting policy information (continued)

(n) Revenue recognition (continued)

Revenue is recognized at the fair value of the consideration received or receivable. Consideration that is received and being processed at the bank but not yet released to the Company is recognized as reserve income asset in amounts receivable.

(o) Share-based payments

The Company may receive or acquire goods or services in a share-based transaction. The Company recognizes a corresponding increase in equity if the goods or services were received in an equity-settled share-based payment transaction, or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

For equity-settled share-based payment transactions, the Company measures the goods or services received and the corresponding increase in equity directly at the fair value of the goods or services received, unless the fair value of the goods or services received cannot be estimated reliably, the Company measures their value and the corresponding increase in equity by reference to the fair value of the equity instruments issued.

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of 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 and are recorded at the date the goods or services are received. The corresponding amount is recorded to equity reserve. The fair value of options is determined using the Black–Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Any consideration paid by plan participants on the exercise of stock options is credited to share capital.

(p) Share capital

The Company record proceeds from share issued net of issuance costs and any tax effects. Common shares issued for consideration other than cash are valued based on their market value at the date the common shares are issued.

Proceeds from unit placements are allocated between shares and warrants issued using the residual method. Proceeds are first allocated to the shares according to the quoted price of existing shares at the time of issuance and any residual in the proceeds is allocated to warrants.

(q) Loss per share

Basic loss per share is computed using the weight average number of common shares outstanding during the year. The treasury stock method is used for the calculation of diluted loss per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of the year and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the year, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

2) Material accounting policy information (continued)

(r) Operating segment

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Company's other operating segments. All operating segments' results are reviewed regularly by the Company's executive management (Chief Executive Officer, Chief Financial Officer) to make decisions about resources to be allocated to the operating segment and assess its performance. Operating segment results that are reported to executive management and include items directly attributable to an operating segment as well as those that can be allocated on a reasonable basis. The Company's operating segments are defined in Note 22.

(s) Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is recognized on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that future taxable income will be available to allow all or part of the temporary differences to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted and are expected to apply by the end of the reporting period.

Deferred tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(t) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks or in trust, and other short-term highly liquid investments with original maturities of three months to a year and redeemable after one to three months.

(Expressed in Canadian dollars)

2) Material accounting policy information (continued)

(u) IFRS Accounting Standards and amendments issues and not yet adopted

The following IFRS Accounting Standards have been issued by the ISAB and pronouncements that are not expected to have a significant impact have been excluded.

IFRS 18: Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Company's consolidated financial statements. The Company will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information will be restated in accordance with IFRS 18.

3) Cash and cash equivalents

	June 30, 2025 $	December 31, 2024 $
Cash deposited at banks	3,788	189,638
Cash held in trust	30,670	13,565
	34,458	203,203

4) Receivables

	June 30, 2025 $	December 31, 2024 $
Trade receivables	314,230	351,841
GST receivable	415,892	361,208
Other receivable	45,500	34,809
	775,622	747,857
Allowance for doubtful accounts	(287,648)	(287,648)
	487,975	460,210

The Company recognizes expected credit losses for trade receivables using a simplified approach under IFRS 9. As at December 31, 2024, the Company had a trade receivables balance of $59,739. An allowance for doubtful accounts is established for receivables past due more than 90 days, representing the expected credit losses for these higher-risk balances.

During the six months ended June 30, 2025, there is $nil (2024 - $96,412) in bad debt expense recognized on the consolidated statement of loss and comprehensive loss.

(Expressed in Canadian dollars)

5) Inventory

	June 30, 2025 $	December 31, 2024 $
Bottles and packaging	63,381	43,848
Finished goods	51,732	9,682
Raw materials	43,647	87,722
Write-off of inventory	-	(33,948)
	158,761	102,303

During the six months ended June 30, 2025, the Company recorded an impairment charge of $nil (2024 - $33,948) against inventory.

6) Prepaid expenses and deposits

	June 30, 2025 $	December 31, 2024 $
Prepaid expenses	104,123	104,447
	104,123	104,447

During the six months ended June 30, 2025, the Company recorded an impairment charge of $nil (2024 - $9,237) in connection with prepaid expenses and deposits.

7) Property, plant, and equipment

	Land $	Furniture and equipment $	Buildings and warehouse $	Total $
Cost				
At December 31, 2023	1,350,000	1,072,719	14,714,471	17,137,189
At December 31, 2024	1,350,000	1,072,719	14,714,471	17,137,189
At June 30, 2025	1,350,000	1,072,719	14,714,471	17,137,189
Accumulated amortization				
At December 31, 2023	-	(421,452)	(5,039,441)	(5,460,894)
Amortization	-	(124,030)	(389,069)	513,099)
Reclassification	-	(35,586)	35,586	-
Impairment	-	(299)	(1,971,548)	(1,971,847)
At December 31, 2024	-	(581,368)	(7,364,472)	(7,945,839)
Amortization	-	(49,135)	(147,000)	(196,135)
At June 30, 2025	-	(630,503)	(7,511,472)	(8,141,974)
Net book value				
At December 31, 2023	1,350,000	651,266	9,675,029	11,676,297
At December 31, 2024	1,350,000	491,351	7,349,999	9,191,350
At June 30, 2025	**1,350,000**	**442,216**	**7,202,999**	**8,995,215**

(Expressed in Canadian dollars)

7) Property, plant, and equipment (continued)

At the end of December 31, 2024, the Company identified indicators of impairment in connection with its property, plant and equipment. The indicators included declining sales and lack of delivery of committed purchase orders. As a result, the Company prepared an impairment assessment using a fair value model to determine the recoverable value of its property, plant and equipment as part of the cash generating unit (CGU) relating to its conventional beverage operations.

The impairment analysis involved calculations which were based on the forecasts which represent management's best estimate at a specific point in time, as a result are subject to estimation uncertainty.

8) Intangible assets

	Brand $	Product Formulations $	Other $	Total $
Cost				
At December 31, 2023	680,000	-	3,930,000	4,610,000
Additions	-	2,708,331	-	2,708,331
At December 31, 2024	680,000	2,708,331	3,930,000	7,318,331
Additions	-	2,708,331	-	2,708,331
At June 30, 2025	680,000	2,708,331	3,930,000	7,318,331
Accumulated amortization				
At December 31, 2023	(81,988)	-	(3,930,000)	(4,011,988)
Amortization	(95,324)	-	-	(95,324)
Impairment	-	(1,990,581)	-	(1,990,581)
At December 31, 2024	(177,312)	(1,990,581)	(3,930,000)	(6,097,893)
Amortization	(47,662)	(270,833)	-	(318,495)
At June 30, 2025	(224,974)	(2,261,414)	(3,930,000)	(6,416,388)
Net book value				
At December 31, 2023	598,012	-	-	598,012
At December 31, 2024	502,689	717,750	-	1,220,439
At June 30, 2025	455,026	446,917	-	901,943

On September 17, 2024, the Company completed the acquisition of all outstanding common shares of Greenflame Distribution Ltd. ("Greenflame"), a health and wellness nutraceutical company operating a direct-to-consumer e-commerce product sales business. This acquisition supports the Company's strategy to expand its U.S. e-commerce operations and diversify its existing product offering, manufacturing capabilities and distribution network.

(Expressed in Canadian dollars)

8) Intangible assets (continued)

Acquisition of Greenflame Distribution Ltd. (continued)

The acquisition has been accounted for as an asset acquisition under IFRS 3, as the acquired group of assets does not meet the definition of a business and with the Company identified as the acquirer. The Company has recognized the identifiable assets and liabilities acquired at their estimated fair values at the closing date of the Acquisition and performed an evaluation of the underlying assets and liabilities acquired and determined the total net assets obtained supported a valuation of approximately $2,708,331.

The purchase price allocation determined at the closing date of the Acquisition of Greenflame is as follows:

Consideration:	$
Fair value of common shares issued (4,166,663 @ $0.65 per share)	2,708,331
Net assets acquired:	
Intangible asset – Product Formulations	2,708,331
Total net assets	2,708,331

The acquisition cost has been allocated to the Product Formulations entirely.

At the end of December 31, 2024, the Company identified indicators of impairment in connection with its intangible assets. The indicators included delays in the Company's plans to roll out the formulations and its products in the market. As a result, the Company prepared an impairment assessment using a cost approach to determine the recoverable value of this intangible asset relating to the e-commerce operations.

The impairment analysis involved calculations which were based on estimated costs to rebuild the formulations and based on management's best estimate at a specific point in time, as a result are subject to estimation uncertainty. In arriving at its estimated costs, the Company considered economic trends and forecasted industry trends of the estimated costs. The cash flow is projected for a period of 1.25 years. As a result of this test, it was concluded that the intangible assets' recoverable value was estimated at $717,750, and an impairment of $1,990,581 was recorded to the consolidated statement of loss and comprehensive loss.

The Company performed a sensitivity analysis of the most sensitive assumptions, which were the estimated costs. A 5% decrease in the estimated costs would have increased the impairment by $36,900.

(Expressed in Canadian dollars)

9) Discontinued operations

In Q4 2023, the Company made a strategic decision to exit the cannabis market, classifying the Embark and BevCanna Operating segments as discontinued operations in the consolidated financial statements.

In addition, in 2024 the Company filed bankruptcy claims for certain subsidiaries (Note 1), this resulted in a loss of control as defined by IFRS 10, Consolidated Financial Statements, the results of the operations of these entities were deconsolidated and assessed as discontinued operations.

i. On January 25, 2024, BCO made an assignment to file for insolvency.

ii. On July 19, 2024, Embark and Embark Delta Inc. made an assignment to file for insolvency.

iii. At the year ended December 31, 2024, the Company recognized a loss of control of BCO, Springs, Pure Therapy, and Embark, resulting in a gain on deconsolidation for $4,873,036 from the discharge of net liabilities.

10) Accounts payable and accrued liabilities

	June 30, 2025 $	December 31, 2024 $
Trade payables	2,478,947	2,539,014
Accrued liabilities	250,582	189,189
	2,729,529	2,728,204

During 2025, the Company recognized an other gain of $417,019 for the extinguishment of statute-barred Trade Payables resulting from the expiration of vendor claims.

11) Promissory note

(i) Naturo Promissory note

The promissory note (or loan) was acquired as part of the debt assumed on the acquisition of Naturo in 2020. The promissory note was held between the Company and an unrelated third party. The loan is secured by the land held by Naturo and the personal guarantee of the Company' Chief Executive Officer, under the general security agreement ("GSA"). Upon assumption by the Company, the promissory note was valued at $2,545,479.

The term of the promissory note prior to 2024 was 8% interest due monthly with initial maturity date of August 2024. In 2024, the Company entered into an agreement with an unrelated party to transfer the promissory note while also maintaining the GSA. The terms under this new agreement are as follows:

- 11.99% interest due monthly
- Maturity date is expected to be September 30, 2025

(Expressed in Canadian dollars)

11) Promissory note (continued)

(i) Naturo Promissory note (continued)

During 2024 the Company made payments totaling $150,000 in connection with forbearance fees; of which the $80,000 was funded by the CEO as a shareholder loan. There was also an increase in the balance of the promissory note as a result of the terms of the forbearance agreement. As at June 30, 2025, the outstanding balance of the loan including accrued interest was $3,242,617. (December 31, 2024: $3.079,772). During the six months ended June 30, 2025, the Company paid $30,000 additional financing fee to the lender in connection with the terms of the forbearance agreements.

(ii) Other Promissory note

During the six months ended June 30, 2025, the Company received unsecured promissory notes in the amount of $404,500 from arm's length third party and of which $79,500 are from related parties. These promissory notes bear interest rate between 8% to 12% per annum and mature in 1 year from date of agreement. As at June 30, 2025, the outstanding balance of the promissory notes including accrued interest was $410,943 (December 31, 2024: $nil).

Maturity	Principal $	Interest $	Total $
March 13, 2026	100,000	2,378	102,378
March 31, 2026	23,000	460	23,460
April 11, 2026	16,500	290	16,790
April 14, 2026	50,000	1,267	51,267
April 28, 2026	50,000	689	50,689
May 14, 2026	125,000	1,278	126,278
June 13, 2026	9,000	34	9,034
June 20, 2026	10,000	22	10,022
June 21, 2026	9,000	18	9,018
June 27, 2026	12,000	8	12,008
	404,500	6,443	410,943

Interest Rate %	Principal $	Interest $	Total $
8%	354,500	5,176	359,676
12%	50,000	1,267	51,267
	404,500	6,443	410,943

12) Related party transactions and balances

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

(Expressed in Canadian dollars)

12) Related party transactions and balances (continued)

The remuneration of directors and key management personnel was as follows:

	June 30, 2025 $	June 30, 2024 $
Management and Consulting fees		
Director, former Chief Financial Officer ("CFO") and Chief Strategic Officer ("CSO")	38,000	120,000
Chief Executive Officer ("CEO")	150,594	265,033
Chief Financial Officer ("CFO")	126,818	-
Mr. Dawson-Scully (Former President)	-	86,666
Ms. Panetta (Former President)	-	10,500
Mr. Ciambrelli (Sr. Ops Manager and Director)	77,138	75,000
Mr. Mason (Former Director), Mr. Macdonald (Former Director), Mr. Blank (Director) and Mr. Coleman (Director)	36,450	127,650
Company controlled by CEO	-	120,000
Company controlled by CFO	72,500	-
Company controlled by individual related to CEO	165,000	227,596
Company controlled by individual related to Sr. Ops Manager and Director	12,650	232,046
Individual related to CEO	832	24,330
	679,981	1,288,822

	June 30, 2025 $	June 30, 2024 $
Share-based Compensation		
Director, former Chief Financial Officer ("CFO") and Chief Strategic Officer ("CSO")	-	19,446
Chief Executive Officer ("CEO")	-	148,548
Ms. Panetta (Former President)	-	17,734
Mr. Mason (Former Director), Mr. Macdonald (Former Director), Mr. Blank (Director) and Mr. Coleman (Director)	-	37,041
Company controlled by CEO	-	118,921
Company controlled by individual related to CEO	-	32,733
Company controlled by individual related to Sr. Ops Manager and Director	-	43,468
	-	417,891

(Expressed in Canadian dollars)

12) Related party transactions and balances (continued)

As at June 30, 2025, and December 31, 2024, the following amounts were included in accounts payable and accrued liabilities in relation to transactions with related parties, which were non-interest bearing, unsecured and due on demand:

	June 30, 2025 $	December 31, 2024 $
Accounts payable, net of receivable and accrued liabilities:		
Director, former Chief Financial Officer ("CFO") and Chief Strategic Officer ("CSO")	165,900	126,000
Chief Executive Officer ("CEO") *(i)*	450,245	312,872
Company controlled by Chief Financial Officer ("CFO")	292,857	-
Mr. Dawson-Scully (Former President)	15,000	15,000
Ms. Panetta (Former President)	-	-
Mr. Ciambrelli (Sr. Ops Manager and Director)	88,457	78,317
Mr. Mason (Former Director), Mr. Macdonald (Former Director), Mr. Blank (Director) and Mr. Coleman (Director)	94,900	47,450
Company controlled by CEO	6,000	6,000
Company controlled by individual related to CEO	347,330	202,955
Company controlled by individual related to Sr. Ops Manager and Director	151	-
Individual related to CEO *(ii)*	23,474	6,140
Subtotal	**1,484,643**	**794,735**

	June 30, 2025 $	December 31, 2024 $
Short- term loans		
Company controlled by individual related to CEO *(ii)*	204,645	215,835
Individual related to CEO *(ii)*	170,538	179,863
Subtotal	**375,183**	**395,698**
Promissory Note		
Individual related to CEO *(iii)*	68,332	-
Company controlled by individual related to CEO *(iv)*	12,000	-
Subtotal	**80,332**	**-**
Due to related parties		
Chief Executive Officer ("CEO")	(37,110)	15,887
Company controlled by individual related to CEO	80,995	80,995
Subtotal	**43,885**	**96,882**
Total	**1,984,042**	**1,287,315**

12) Related party transactions and balances (continued)

(i) The CEO also provided a shareholder loan to the company of $100,000 in 2022 to support its working capital needs, specifically during the period under Ceased Trade. During the year ended December 31, 2024, a repayment of $68,012 (2023 - $52,459) was made on this loan. During the year ended December 31, 2024, the Company received loans totaling $103,348 from the CEO. The loans are non-interest bearing and have no fixed repayment terms. As of June 30, 2025, $52,997 of these loans has been repaid.

(ii) Two individuals related to the CEO each provided loans that supported the Company's working capital needs, specifically for purchase order factoring to fulfill cannabis product orders for provincial boards.

On April 22, 2022, a company controlled by a relative of the CEO advanced a loan of USD $125,000 to the Company, with a facilitation fee of USD $25,000 charged upfront. As a result of extended repayment delays, an additional facilitation fee of USD $7,517 was incurred and paid on July 27, 2023. As at June 30, 2025, the outstanding balance on this loan was USD $150,000.

On April 22, 2022, another relative of the Chief Executive Officer personally advanced a loan of USD $125,000 to the Company, also subject to an upfront facilitation fee of USD $25,000, which was paid on June 26, 2022. Due to repayment delays, additional facilitation fees were incurred and paid in the amounts of USD $25,000 on March 27, 2023, and USD $2,500 on each of January 19, 2024, and March 26, 2024. As at June 30, 2025, the principal balance of USD $125,000 remained outstanding. Subsequent to June 30, 2025, the Chief Executive Officer made a payment of USD $4,640 on behalf of the Company to the related party. This payment represented a financing fee in respect of the outstanding loan and will be recognized as an additional financing cost in the reporting period in which it was made.

These loans, allow the Company to maintain adequate inventory levels and capitalize on sales opportunities despite the cash flow timing mismatches inherent in the cannabis industry's payment cycles.

(iii) Between March 31 and June 21, 2025, individuals related to the CEO provided five unsecured promissory notes totaling $67,500, each with 8% interest due one year from issuance, to support the Company's working capital needs. As of June 30, 2025, the principal plus accrued interest on these notes amounted to $68,332.

(iv) On June 27, 2025, a company controlled by individual related to the CEO provided an unsecured promissory note of $12,000, with an 8% interest payable by June 27, 2026. The promissory note is to support the Company's working capital needs.

As at June 30, 2025, the principal and accrued interest of the promissory note is $12,000.

13) Convertible debentures

Forte Group Debentures

On April 14, 2020, the Company completed a non-brokered financing of $630,000 by issuing convertible debentures ("Debentures"). The Debentures accrue interest at the rate of 8% per annum payable semi-annually and mature on April 14, 2023. The Debentures are convertible to common shares of the Company at $0.75 per share (pre-share consolidation).

(Expressed in Canadian dollars)

13) Convertible debentures (continued)

The holders of the Debentures are entitled to convert the unpaid principal and interest into the common shares of the Company at a conversion price of $0.75 per share (pre-share consolidation). If at any time the daily weighted average trading price of the Company's shares is greater than $1.00 (pre-share consolidation) for the preceding 10 days, the Company will have the option to convert the outstanding principal amount at the price of $0.75 per share (pre-share consolidation). The initial liability component of the Debentures was calculated at the present value of interest payments and expected return using an effective interest rate of 16% per annum. The equity component was determined using the residual method whereby, the fair value of the equity component is arrived at by deducting the amount determined separately for the liability from the face value of the instrument. As a result, the fair value of the conversion feature was determined to be $118,252 and was recognized into the equity reserve of the Company.

On June 30, 2025, $88,548 accrued interest and $500,000 principal remains outstanding for the Forte Group Debenture.

	$
Balance, December 31, 2023	605,958
Reduction	(77,356)
Finance charge	40,109
Balance, December 31, 2024	568,712
Finance charge	19,836
Balance, June 30, 2025	588,548

14) Short-term loans

The Company short term loans are as follows:

Secured notes (mortgage advance)

i) On July 11, 2023, Naturo entered into a loan agreement with a private lender for $600,000, secured by a second mortgage on property in Bridesville, BC. The loan carries a 13.5% interest rate for the first two months, with an original term of three months, which has subsequently been extended to twelve months.

ii) On November 7, 2023, Naturo entered into a loan agreement with a private lender for $200,000, secured by a second mortgage on property in Bridesville, BC. The loan carries a 15% interest rate, with a term of twelve months from November 3, 2023.

iii) On November 20, 2023, Naturo entered into a loan agreement with a private lender for $100,000, secured by a second mortgage on property in Bridesville, BC. The loan carries a 15% interest rate, with a term of twelve months from November 20, 2023.

iv) On December 2, 2023, Naturo entered into a loan agreement with a private lender for $200,000, secured by a second mortgage on property in Bridesville, BC. The loan carries a 15% interest rate, with a term of twelve months from December 2, 2023.

14) Short-term loans (continued)

On December 17, 2024, Naturo entered into a new short-term loan agreement with several lenders for $1.4 million. This new loan refinanced an existing mortgage of $1.1 million and provided an additional $300,000 for working capital. The new short-term loan extinguished the existing short-term loans i), ii), iii) and iv) above and bears an interest rate of 14% per annum interest and matures within twelve months of the date refinanced. The loan is secured by the property located at 1450 Sidley-Camp McKinney Road, Bridesville, BC and the general assets of the Company.

v) On December 6, 2023, Naturo entered into a secured note agreement with two private lenders for $320,000, secured by the general assets of the Company. The loan carries a 15% interest rate, with a term of twelve months from December 6, 2023. The interest payable for the twelve months was prepaid on the date of issuance as an interest reserve to be deducted. The loan remains outstanding and is due on demand.

vi) During the year ended December 31, 2024, the Company secured $1,062,065 through subscriptions for Secured Promissory Notes with various subscribers. The notes expire in one year and have maturity dates between January 18 to April 24, 2025, accruing interest at 15% per annum. The total interest payable is deducted from the principal amount in advance on the closing date.

Repayments of short-term loans

- On May 21, 2024, the Company converted $250,000 of short-term loan amounts owed by Naturo into debt settlement subscription agreements by issuing 284,090 common shares of the Company.
- On September 12, 2024, the Company converted $100,000 of short-term loans amounts owed by Naturo into debt settlement subscription agreements by issuing 166,666 common shares of the Company.
- On November 7, 2024, the Company converted $47,065 of short-term loan amounts into debt settlement subscription agreements by issuing 90,508 common shares of the Company.
- On January 20, 2025, the Company converted $300,000 of short-term loan amounts into debt settlement subscription agreements by issuing 624,998 common shares of the Company.
- On February 24, 2025, the Company converted $29,000 of short-term loan amounts into debt settlement subscription agreements by issuing 60,416 common shares of the Company.

Other short-term loans

- Other short-term loans are with individuals related to the CEO consisted of two individuals each providing $125,000 USD with a $25,000 USD financing fee each. $25,000 USD of the principal was repaid during 2022, resulting in $275,000 USD ($375,183 CAD) outstanding.

The related party loans are non-interest-bearing and are repayable at any time.

(Expressed in Canadian dollars)

14) Short-term loans (continued)

The total of short-term loan payable are as follows:

	$
Balance December 31, 2023	1,783,716
Debt settled with shares	(397,065)
Advances for short term loans	1,394,048
Balance December 31, 2024	2,780,699
Debt settled with shares	(229,000)
Accrued interest	87,055
Interest paid	(53,229)
FX Adjustment to the family loan	(20,516)
Balance June 30, 2025	2,565,009

15) Other loans

In April 2020, the Government of Canada funded the loan program Canada Emergency Business Account ("CEBA"). Companies were offered a $40,000 non-interest-bearing loan with 25% loan forgiveness automatically applied if $30,000 of the loan was repaid prior to December 31, 2021.

The principal amount of the CEBA loan is CAD 60,000, with an interest rate of 0% applicable until December 31, 2023. A forgivable portion of the loan amounting to 33.33% will be granted if 66.66% of the loan is repaid by the same date. The repayment deadline for the loan is December 31, 2023, and early repayment is permitted without penalty; however, any amounts repaid cannot be re-advanced. Should the loan not be repaid by December 31, 2023, it will automatically convert on January 1, 2024, into a new loan with a maturity date of December 31, 2025. Under these new terms, the loan will incur interest at a rate of 5% per annum, with interest payments due monthly. In the event of default, the entire loan amount will become immediately due.

	$
Balance, December 31, 2023	40,000
Acquisition	20,000
Interest accrued	2,329
Balance, December 31, 2024	62,329
Reduction	(1,200)
Interest accrued	1,487
Balance, June 30, 2025	62,616

The CEBA loans are accounted for using the amortized cost method discounted at an effective interest rate with the discount portion recorded as a government grant.

As at December 31, 2024, the Company recorded a reduction of $40,000 resulting from the loss of control of Springs. Additionally, the Company recorded an increase of $20,000 for the reversal of the forgivable CEBA loan amount.

16) Share capital

Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

2025 transactions

On April 21, 2025, the Company settled an aggregate of $546,695 in debt owing to arm's length parties through the issuance of 1,457,852 common shares at a price of $0.375 per share.

On February 24, 2025, the Company closed a non-brokered private placement, issuing 200,000 common shares for gross proceeds of $120,000.

On February 24, 2025, the Company converted $29,000 of short-term loan amounts into debt settlement subscription agreements by issuing 60,416 common shares of the Company.

On February 6, 2025, the Company closed a non-brokered private placement, issuing 624,999 common shares for gross proceeds of $375,000. Of the total shares issued, 353,333 shares were issued to related parties for proceeds of $212,000.

On January 20, 2025, the Company converted $300,000 of short-term loan amounts into debt settlement subscription agreements by issuing 624,998 common shares of the Company.

2024 transactions

On November 7, 2024, the Company completed a share for debt settlement related to the conversion of promissory notes owed by Naturo. The Company issued 90,508 common shares to settle outstanding debt of $47,065. This transaction resulted in the full settlement of the related promissory notes. The Company recorded a loss on settlement of $7,240 which is included in other gains on the consolidated statement of loss and comprehensive loss.

On October 11, 2024, the Company closed a non-brokered private placement, issuing 1,111,915 common shares for gross proceeds of $667,150. Of the total shares issued, 245,250 shares were issued to related parties for proceeds of $147,151.

On September 17, 2024, the Company completed the acquisition of Greenflame by issuing 4,166,663 common shares of the Company for a total consideration of $2,708,331.

On September 12, 2024, the Company converted $100,000 of short-term loan amounts owing by Naturo into debt settlement subscription agreements by issuing 166,666 common shares of the Company. The Company recorded a loss on settlement of $3,033 which is included in other gains on the consolidated statement of loss and comprehensive loss.

On August 2, and 14, 2024, the Company closed a non-brokered private placement for $352,253 by issuing 554,748 common shares of the Company.

16) Share capital (continued)

On June 19, 2024, the Company issued 4,433,561 common shares of the Company to settle $2,660,139 of debt owed to various vendors, consultants and related parties. Of which, $1,412,945 is related parties. A portion of the shares issued for debt settlement included transferable share purchase warrants. A total of 1,152,937 warrants were also issued and exercisable at a price of $0.60 per warrant share and expire on June 19, 2026. The warrants vested immediately upon issuance and have a fair value of $610,077 using the Black-Scholes Option Pricing method. The Company recorded a loss on settlement of 665,034 which is included in other gains on the consolidated statement of loss and comprehensive loss.

On May 21, 2024, the Company converted $250,000 of short-term loan amounts owed by Naturo into debt settlement subscription agreements by issuing 284,090 common shares of the Company at $0.88 per share. The Company recorded a gain on settlement of $51,137 which is included in other gains on the consolidated statement of loss and comprehensive loss.

On May 21, 2024, the Company closed a non-brokered private placement for $510,000 by issuing 579,543 common shares of the Company.

On April 1, 2024, the Company issued 1,755,209 shares of the Company to settle $1,930,743 debt owed to various vendors, consultants and related parties, of which $383,233 was to related parties. The Company recorded a loss on settlement of $614,323 which is included in other gains on the consolidated statement of loss and comprehensive loss.

On January 2, 2024, the Company issued 1,454,817 common shares to settle $2,909,633 of debt owed to various vendors, consultants and related parties, of which $1,229,055 is related parties. The Company recorded a gain on settlement of $872,890 which is included in other gains on the consolidated statement of loss and comprehensive loss.

2023 transactions

During the year ended December 31, 2023, the Company issued 436,924 common shares to settle $3,057,715 of debt owed to various vendors. The common shares had a fair value of $1,747,266 and the Company recognized a gain on the settlement of debt of $1,310,449.

On December 14, 2023, the Company transferred 5,715 common shares held in trust to settle $40,000 of debt owed to one vendor.

Obligations to issue shares:

During the year ended December 31, 2019, the Company received $1,000,000 of proceeds towards the exercise of certain share purchase warrants issued during 2018. These warrants are not presented in Note 19.

Common shares held in treasury:

During the year ended December 31, 2024, the Company purchased 16,500 of its own shares at a cost of $11,165 and sold 12,871 treasury shares for proceeds of $8,262. The carrying cost of the treasury of $1,505,793 has been recognized as required by IAS 32 and not to revalued fair values.

During the three months ended March 31, 2025, the Company purchased 4,500 of its own shares at a cost of $2,490 and sold 6,000 treasury shares for proceeds of $2,550. The carrying cost of the treasury of $699,397 has been recognized as required by IAS 32 and not to revalued fair values.

(Expressed in Canadian dollars)

17) Stock options

In 2018, the Company adopted an incentive stock option plan ("Plan"). Pursuant to the Plan, directors may authorize the granting of options to directors, officers, employees, and consultants of the Company. The expiry date for each option is determined by the board of directors at the time such an option is granted. All options under the Plan are non-assignable, non-transferable and only exercisable by the optionee.

During the six months ended June 30, 2025 and 2024, no shares were issued or exercised. A summary of the changes in the share options are presented below:

	Options outstanding	Weighted average exercise price
	#	$
At December 31, 2023	3,000	70.8
Forfeited	(3,000)	100
At December 31, 2024	-	-
At June 30, 2025	-	-

During the three months ended March 31, 2025, the Company recognized share-based payments expense of $ nil (2024 - $610,077).

The estimated grant date fair value of the options and warrants granted during the years ended December 31, 2023, and 2022 was calculated using the Black-Scholes option pricing model with the following weighted-average assumptions:

	2024	2023
Risk-free interest rate	3.88%	1.49%
Expected life (years)	2.00	1.33
Annualized volatility	133.7%	120.7%
Dividend rate	0%	0%

18) Share purchase warrants

A summary of the changes in the share purchase warrants are presented below, there were no changes in the six months ended June 30, 2025.

	Warrants outstanding	Weighted-average exercise price
	#	$
At December 31, 2023	26,396	294
Forfeited	(26,396)	100
Granted as part of debt settlement	1,152,937	0.60
At December 31, 2024	1,152,937	0.60
At June 30, 2025	1,152,937	0.60

As at June 30, 2025, the Company had the following outstanding warrants:

Number of Warrants	Exercise Price ($)	Expiry date
1,152,937	0.60	June 19, 2026

(Expressed in Canadian dollars)

19) Non-controlling interest

The non-controlling interest is attributed to the common shares representing 21% equity interest in Springs held by non-controlling interest holders and is related to the consideration transferred in the acquisition of Naturo. During the twelve months ended December 31, 2024, the continuity of equity attributable to the non-controlling interest is as follows:

	Amount
Balance, December 31, 2023	(697,501)
Share of net loss for the period	697,501
Balance, December 31, 2024	-
Balance, June 30, 2025	-

On December 12, 2023, Springs made an assignment in bankruptcy. There were no assets left before the Company filed for bankruptcy.

As at December 31, 2024, the Company derecognized the Springs due to loss of control.

20) Financial instruments

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The carrying value of the Company's financial assets and liabilities including cash, amounts receivable and deposits and trade and other payables included in the consolidated statement of financial position as at June 30, 2025, and December 31, 2024, approximate their fair value due to their short terms to maturity.

Financial risks

The Company's activities expose it to financial risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The principal financial risks to which the Company is exposed are credit risk, foreign exchange risk, liquidity risk and interest rate risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis. There have been no significant changes in the Company's exposure to these financial risks in the six months ended June 30, 2025.

(Expressed in Canadian dollars)

20) Financial instruments (continued)

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company is subject to credit risk on its cash and trade receivables. The Company limits its exposure to credit loss on cash by placing its cash with a high-quality financial institution. The Company has concentrations on credit risk with respect to trade receivables as large amounts of its trade receivable are concentrated amongst a small number of customers. The Company performs credit evaluations of its customers but generally does not require collateral to support trade receivables. Trade receivables are shown net of any provision made for impairment of the receivables. Due to this factor, the Company believes that no additional credit risk, beyond the amounts provided for collection loss, is inherent in the Company's trade receivables.

There are three customers accounting for more than 10% of the gross revenue of the Company generated during the year ended:

For the period ended	June 30, 2025	June 30, 2024
Customer A	39.9%	32.8%
Customer B	28.4%	14.9%
Customer C	14.8%	0.0%
Total	83.1%	47.7%

The amount receivable from these customers constitutes 21.5%, 0.2.%, 0.7% respectively (2024 – 16.4%, 0%, 0%) of the trade receivable and $347,387 (gross before ECL) remains outstanding as of June 30, 2025.

Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate due to changes in interest rate.
The Company is exposed to interest rate risk on its cash and debt instruments and has determined that there is no material exposure related to interest rate risk as the debt is fixed rate.

Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's exposure to currency risk is limited as the majority of its sales and expenditures are denominated in the same currency as its functional currency.

(Expressed in Canadian dollars)

21) Segmented information

The Company determines its reportable segments based on the nature of operations and includes two operating segments: alkaline and mineralized beverages and supplements and eCommerce. The alkaline and mineralized beverages include the development and manufacturing of TRACE brand and other beverages and supplements. The eCommerce segment includes direct-to-customer sales of natural health products including nutraceutical and hemp-based CBD products.

The Company' financial information by reportable segment for the three months ended March 31, 2025, is as follows:

Six months ended June 30, 2025:

	Conventional Beverage $	ECommerce $	Total $
Revenue from external customers	67,517	-	67,517
Cost of revenue	43,902	-	43,902
Depreciation and amortization	243,798	270,833	514,631
Other selling, general and administrative expenses	1,613,821	10,341	1,624,162
Segment (income) loss	(1,834,004)	(281,174)	(2,115,178)
Segment assets	10,189,627	492,848	10,682,475
Segment liabilities	9,593,882	62,265	9,656,147

Six months ended June 30, 2024:

	Conventional Beverage $	ECommerce $	Total $
Revenue from external customers	36,031	-	36,031
Cost of revenue	22,125	-	22,125
Depreciation and amortization	311,071	-	311,071
Other selling, general and administrative expenses	5,667,020	6,354	5,673,374
Segment income (loss)	(5,964,185)	(6,354)	(5,970,539)
Segment assets	12,978,823	216,502	13,195,325
Segment liabilities	9,503,009	181,732	9,684,741

(Expressed in Canadian dollars)

21) Segmented information (continued)

The Company' financial information by geography for the six months ended June 30, 2025, and six months ended June 30, 2024, is as follows:

	Canada $	U.S.A. $	Total $
Assets			
As at June 30, 2025			
Current	741,728	43,589	785,317
Non-current	9,450,241	446,917	9,897,158
Total assets	10,191,969	490,506	10,682,475
As at December 31, 2024			
Current	870,163	-	870,163
Non-current	9,694,039	717,750	10,411,789
Total assets	10,564,202	717,750	11,281,952
Revenue			
For the six months ended June 30, 2025	67,517	-	67,517
For the six months ended June 30, 2024	36,031	-	36,031
Net income (loss)			
For the six months ended June 30, 2025	(2,136,932)	(13,071)	(2,150,003)
For the six months ended June 30, 2024	(6,362,036)	(6,354)	(6,368,390)

22) Commitments and contingencies

(a) Commitments

Undiscounted cash flows are as follows:

As at June 30, 2025	Carrying amount $	Contractual cash flows $	Under 1 year $	1-3 years $
Trade payable and accrued liabilities	2,729,529	2,729,529	2,729,529	-
Due to related parties	44,885	44,885	44,885	-
Promissory note	3,653,560	3,653,560	3,653,560	-
ST Loan Payable	2,565,009	2,565,009	2,565,009	-
Convertible debentures	588,548	588,548	588,548	-
CEBA loan	62,616	62,616	62,616	-
Total	9,644,147	9,644,147	9,644,147	-

b) Contingencies

The Company is a party to a variety of agreements in the ordinary course of operation, under which it may be obligated to indemnify third parties with respect to certain matters. Certain conditions may exist as of the date the consolidated financial statements are issued, which may result in a loss to the Company. Management assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to claims, proceedings or litigation that are pending against the Company or unasserted claims that may result in such proceedings, if the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, the estimated liability would be accrued in the Company's consolidated financial statements.

22) Commitments and contingencies (continued)

During 2021, the Company received a claim for an alleged settlement of damages. Legal advice obtained as at the time the financial statements were prepared indicated that it is likely that the claim could result in an award of $125,000, as such, the company has expensed this amount as a loss on debt settlement in 2021. This was settled and paid in full in July of 2023.

The Company is a defendant in a legal dispute initiated by another party seeking payment. As of June 22, 2023, the outstanding amounts, inclusive of interest at a rate of 21% per annum, were as follows:

- Forte: $118,504
- Naturo: $87,451

The Company will continue to accrue interest on these amounts until the judgment is paid in full. During the year ended December 31, 2024, an additional $43,298 interest and $8,100 legal fees are included in the outstanding amounts. During the period ended December 31, 2024, the Company paid $120,000. The outstanding balance stands at $158,248 at December 31, 2024. During the three months ended March 31, 2025, the Company paid another $10,000 towards the outstanding balance.

The Company is involved in other litigation and disputes arising in the normal course of operations. Management is of the opinion that the outcome of any potential litigation will not have a material adverse impact on the Company’s financial position or results of operations. Accordingly, no provisions for the settlement of other outstanding litigation and potential claims have been accrued.

23) Capital management

The Company’s objective when managing capital is to maintain a flexible capital structure for its projects for the benefit of its stakeholders. The Company's main source of funds is from its ability to raise public and/or private equity or loan financing. The Company manages the capital structure and makes appropriate adjustments to it based upon changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets. The Company’s investment policy is to invest its available cash in Canadian chartered banks and from time to time in guaranteed term deposits at fixed interest rates established at the time of investment. All its funds are available for project and corporate objectives.

The Company considers cash to include amounts held in banks. The Company places its cash with institutions of high credit worthiness. The Company is not subject to any externally imposed capital requirements. There is no change in the way the Company manages its capital during the six months ended June 30, 2025.

24) Subsequent events

- On August 8, 2025, the Company closed a non-brokered private placement for gross proceeds of $435,000 through the issuance of 8,700,000 units at a price of $0.05 per unit. Each unit consisted of one common share and 0.59 common share purchase warrants, with each whole warrant exercisable to acquire one additional common share at a price of $0.065 for a period of two years from the closing date. Of the total private placement, $60,000 was subscribed for by related parties.

- On August 8, 2025, the Company settled outstanding debt of $504,119 through the issuance of 3,360,791 units at a deemed price of $0.15 per unit. Each unit consisted of one common share and 0.59 transferable common share purchase warrants, with each whole warrant exercisable to acquire one additional common share at a price of $0.065 for a period of two years from the closing date. Of the total debt settled, $261,196 was due to related parties.

- On August 28, 2025, the Company announced a non-brokered private placement of up to 3,000,000 units at a price of $0.25 per unit for gross proceeds of up to $750,000, with each unit consisting of one common share and one transferable common share purchase warrant exercisable at $0.30 for a period of two years from closing.

- On August 28, 2025, the Company also announced its intention to settle up to $2,500,000 of outstanding debt owed to creditors of the Company through the issuance of 8,771,929 units at a deemed price of $0.285 per unit, each unit consisting of one common share and one transferable share purchase warrant exercisable at $0.30 for a period of two years.

- On August 28, 2025, the Company announced the intention to amend a secured convertible debenture originally dated April 14, 2020 in the principal amount of $500,000 and accrued interest of $94,904, for an aggregate of $594,904. As amended, the debenture will mature on December 31, 2026, bear interest at 8% per annum, and the outstanding principal and any accrued and unpaid interest thereon, will be convertible into units at a deemed price of $0.1875 per unit, each unit consisting of one common share and one transferable share purchase warrant exercisable at $0.25 for a period of three years.

- On August 28, 2025, the Company announced that Naturo entered into two unsecured convertible loan agreements with related parties comprising USD$275,000 in principal and USD$152,297 in lending fees, for an aggregate of USD$427,297. The loans bear interest at 15% per annum, mature twenty-four months from the date of the agreements, and the outstanding principal and any accrued and unpaid interest thereon, are convertible into units at $0.1875 per unit, each consisting of one common share and one transferable share purchase warrant exercisable at $0.25 for a period of three years.

- On August 28, 2025, the Company announced the intention to amend secured promissory notes of Naturo in the principal amount of up to $336,000 and accrued interest of $21,255, for an aggregate of $357,255. As amended, the promissory notes will mature on December 31, 2026, bear interest at 15% per annum, and the outstanding principal and any accrued and unpaid interest thereon will be convertible into units at a deemed price of $0.1875 per unit, each consisting of one common share and one transferable share purchase warrant exercisable at $0.25 for a period of three years.

24) Subsequent events (continued)

- On August 28, 2025, the Company announced that it intends to seek shareholder approval by written consent (the "Consolidation Consent Resolution") from shareholders holding a majority of the number of issued and outstanding common shares approving a consolidation of the outstanding common shares on the basis of up to twenty-five (25) pre-consolidation common shares for one (1) post-consolidation common share, with the actual consolidation ratio to be determined by the board of directors following the receipt of all necessary approvals, including CSE approval, and to occur within one calendar year of the formal approval of the Consolidation Consent Resolution, if at all.

- In August 2025, the Company received gross proceeds of $45,500 from the exercise of 700,000 common share purchase warrants at an exercise price of $0.065.