LIMESTONE®

THE LIMESTONE BOAT COMPANY LIMITED

Condensed Consolidated Interim Financial Statements

For the three and nine months ended December 31, 2023 and 2022

(Unaudited)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying condensed consolidated interim financial statements of The Limestone Boat Company Limited (the "Company") have been prepared by and are the responsibility of the Company's management. The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and reflect management's best estimates and judgment based on information currently available. The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements.

"Scott Hanson"

Scott Hanson
CEO

"Charles Pennock"

Charles Pennock
Chair – Audit Committee

February 29, 2024

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The Limestone Boat Company Limited
Condensed Consolidated Interim Statement of Financial Position
(Unaudited)

	Note		**December 31, 2023**		March 31, 2023
ASSETS					
CURRENT ASSETS					
Cash		**$**	**207,456**	$	17,315
Trade and other receivables	3		**189,126**		98,622
Prepaid expenses and deposits			**62,327**		60,563
			458,909		176,500
Restricted cash	14		**201,302**		500,000
Property and equipment	4		**2,956,678**		2,858,345
Right of use assets	5		**830,645**		59,873
TOTAL ASSETS		**$**	**4,447,534**	$	3,594,718
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	6	**$**	**6,385,263**	$	5,077,886
Customer deposits			**18,195**		18,618
Current portion of lease obligations	7		**271,505**		19,059
Current portion of long-term debt	8,9		**17,970,199**		15,107,625
			24,645,162		20,223,188
Long-term lease obligations	7		**558,429**		41,357
TOTAL LIABILITIES		**$**	**25,203,591**	$	20,264,545
SHAREHOLDERS' EQUITY					
Common shares	10	**$**	**11,803,616**	$	11,803,616
Contributed surplus	10		**3,133,068**		3,104,124
Share purchase warrants	10		**389,834**		389,834
Accumulated other comprehensive loss			**(149,348)**		(453,040)
Deficit			**(35,933,227)**		(31,514,361)
TOTAL SHAREHOLDERS' EQUITY			**(20,756,057)**		(16,669,827)
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		**$**	**4,447,534**	$	3,594,718

Going concern	2(b)
Commitments and Contingencies	14

Approved by:

(signed) "Scott Hanson"
Director

(signed) "Charles Pennock"
Director

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

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The Limestone Boat Company Limited (formerly LL One Inc.)
Condensed Consolidated Interim Statement of Loss and Comprehensive Loss
For the three and nine months ended December 31, 2023 and 2022
(Unaudited)

	Note	Three Months Ended		Nine Months Ended	
		December 31, 2023	December 31, 2022	**December 31, 2023**	December 31, 2022
REVENUE		**$ -**	$ 1,100,106	**$ -**	$ 8,380,671
COST OF GOODS SOLD		**-**	1,819,081	**-**	8,767,219
GROSS PROFIT		**-**	(718,975)	**-**	(386,548)
OPERATING EXPENSES	11				
Advertising, marketing and promotion		**9,897**	32,402	**11,064**	211,527
Amortization and depreciation expense	4,5	**48,878**	95,418	**52,271**	276,974
Bad debt expense		**-**	286	**-**	1,312
Delivery, freight and customs		**55**	814	**11,203**	26,316
Insurance		**18,718**	161,678	**58,812**	606,190
Interest and bank charges	8,9	**991,371**	783,661	**2,792,274**	2,359,984
License fees		**-**	826	**-**	8,085
Listing fees and investor relations expense		**4,584**	117,769	**33,961**	224,154
Office expenses		**17,979**	36,677	**35,547**	186,256
Professional fees		**141,860**	250,541	**360,449**	1,142,706
Rental		**37,064**	1,274	**54,135**	11,284
Repairs and maintenance		**-**	15,454	**-**	107,810
Research and development		**-**	53,132	**-**	251,921
Salaries and wages		**265,926**	309,766	**658,831**	1,681,931
Stock based compensation	10	**8,188**	51,602	**28,944**	154,807
Travel expenses		**9,997**	10,605	**19,126**	95,822
Training materials and supplies		**46,666**	-	**46,666**	-
Utilities		**3,566**	33,709	**3,533**	121,253
Warranty expenses		**11,904**	9,099	**15,695**	218,295
TOTAL OPERATING EXPENSES		**1,616,653**	1,964,713	**4,182,511**	7,686,627
OPERATING LOSS		**(1,616,653)**	(2,683,688)	**(4,182,511)**	(8,073,175)
Foreign exchange gain (loss)		**(358,939)**	(249,325)	**(271,058)**	1,543,549
Other income		**6,438**	(18,860)	**34,703**	(18,512)
LOSS BEFORE INCOME TAXES		**(1,969,154)**	(2,951,873)	**(4,418,866)**	(6,548,138)
Income tax expense	12	**-**	-	**-**	-
Deferred tax recovery	12	**-**	-	**-**	233,412
LOSS FOR THE PERIOD		**$ (1,969,154)**	$ (2,951,873)	**$ (4,418,866)**	$ (6,314,726)
OTHER COMPREHENSIVE LOSS					
Currency translation adjustment		**318,049**	171,659	**303,692**	(940,916)
COMPREHENSIVE LOSS FOR THE PERIOD		**$ (1,651,105)**	$ (2,780,214)	**$ (4,115,174)**	$ (7,255,642)
Weighted average number of common shares outstanding:					
Basic and diluted	13	**119,665,940**	119,665,940	**119,665,940**	119,665,940
Net loss per share:					
Basic and diluted	13	**$ (0.016)**	$ (0.025)	**$ (0.037)**	$ (0.053)

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

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The Limestone Boat Company Limited (formerly LL One Inc.)

Condensed Consolidated Interim Statement of Changes in Equity

(Unaudited)

	Note	Common shares	Contributed surplus	Share purchase warrants	Accumulated other comp-rehensive loss	Deficit	Total equity
Balance, April 1, 2023		**$ 11,803,616**	**$ 3,104,124**	**$ 389,834**	**$ (453,040)**	**$ (31,514,361)**	**$ (16,669,827)**
Stock based compensation	10	-	28,944	-	-	-	28,944
Loss for the period		-	-	-	303,692	(4,418,866)	(4,115,174)
Balance, December 31, 2023		**$ 11,803,616**	**$ 3,133,068**	**$ 389,834**	**$ (149,348)**	**$ (35,933,227)**	**$ (20,756,057)**

	Note	**Common shares**	**Contributed surplus**	**Share purchase warrants**	**Accumulated other comp-rehensive loss**	**Deficit**	**Total equity**
Balance, April 1, 2022		**$ 11,803,616**	**$ 3,050,280**	**809,910**	**$ (9,313)**	**$ (17,197,510)**	**$ (1,543,017)**
Stock based compensation	10	-	154,807	-	-	-	154,807
Issuance of convertible debentures	8	-	160,200	-	-	-	160,200
Convertible debenture issuance costs	8	-	(19,242)	1,884	-	-	(17,358)
Loss for the period		-	-	-	(940,916)	(6,314,726)	(7,255,642)
Balance, December 31, 2022		11,803,616	3,346,045	811,794	(950,229)	(23,512,236)	(8,501,010)
Stock based compensation	10	-	(100,870)	-	-	-	(100,870)
Stock options forfeited	10	-	(155,749)	-	-	155,749	-
Warrants expired	10	-	-	(421,960)	-	421,960	-
Issuance of convertible debentures	8	-	23,981	-	-	-	23,981
Convertible debenture issuance costs	8	-	(9,283)	-	-	-	(9,283)
Deconsolidation of subsidiary	18	-	-	-	467,385	-	467,385
Loss for the period		-	-	-	29,804	(8,579,834)	(8,550,030)
Balance, March 31, 2023		**$ 11,803,616**	**$ 3,104,124**	**$ 389,834**	**$ (453,040)**	**$ (31,514,361)**	**$ (16,669,827)**

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

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The Limestone Boat Company Limited (formerly LL One Inc.)
Condensed Consolidated Interim Statement of Cash Flows
For the three and nine months ended December 31, 2023 and 2022
(Unaudited)

		Three Months Ended		Nine Months Ended	
	Note	**December 31, 2023**	December 31, 2022	**December 31, 2023**	December 31, 2022
OPERATING ACTIVITIES					
Loss for the period		**$ (1,969,154)**	$ (2,951,873)	**$ (4,418,866)**	$ (6,314,726)
Items not affecting cash					
Amortization and depreciation expense	4,5	**48,861**	204,217	**48,861**	584,731
Accreted interest on convertible debentures	8,9	**960,392**	680,438	**2,719,262**	2,017,653
Unrealized foreign exchange (gain) loss		**263,315**	249,187	**249,649**	(1,551,379)
Deferred tax recovery		**-**	-	**-**	(233,412)
Interest expense on lease obligations	7	**6,528**	33,908	**7,000**	99,818
Interest expense on Aquasport brand liability		**-**	12,463	**-**	15,493
Stock-based compensation expense	10	**8,188**	51,602	**28,944**	154,807
		(681,870)	(1,720,058)	**(1,365,150)**	(5,227,015)
Change in non-cash working capital balances					
Trade and other receivables		**(70,762)**	382,619	**(90,504)**	392,731
Inventories		**-**	1,220,565	**-**	2,326,645
Prepaid expenses and deposits		**19,939**	115,469	**(1,764)**	(82,102)
Accounts payable and accrued liabilities		**909,394**	(66,768)	**1,307,377**	1,524,594
Customer deposits		**-**	(54,568)	**(423)**	33,122
		176,701	(122,741)	**(150,464)**	(1,032,025)
INVESTING ACTIVITIES					
Purchase of property and equipment	4	**(134,556)**	-	**(165,766)**	(11,805)
		(134,556)	-	**(165,766)**	(11,805)
FINANCING ACTIVITIES					
Cash proceeds from related party loan	11	**10,092**	-	**143,312**	319,750
Cash proceeds from issuance of convertible debentures	8	**-**	-	**-**	824,000
Finance fees on issuance of convertible debentures	8	**-**	-	**-**	(73,200)
Change in restricted cash	14	**16,074**	-	**298,698**	-
Lease obligations principal and interest payments	7	**(56,100)**	(64,767)	**(59,675)**	(183,926)
Aquasport brand liability principal payments		**-**	(19,390)	**-**	(74,385)
		(29,934)	(84,157)	**382,335**	812,239
NET CHANGE IN CASH DURING THE PERIOD		**12,211**	(206,898)	**66,105**	(231,591)
Foreign currency movement in cash balances		**118,905**	112,762	**124,036**	(180,279)
CASH - BEGINNING OF PERIOD		**76,340**	84,527	**17,315**	402,261
CASH - END OF PERIOD		**$ 207,456**	$ (9,609)	**$ 207,456**	$ (9,609)

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

1. General Business Description

The Limestone Boat Company Limited (the "Company"), was incorporated under the Business Corporations Act of Ontario on March 14, 2018. The primary activities of the Company are the design, marketing and sale of power boats. The Company's shares are listed on the TSX Venture Exchange under the symbol "BOAT". The Company's corporate office is 64 Hurontario Street, Collingwood, Ontario, Canada.

2. Significant Accounting Policies

(a) Statement of compliance

The Company's condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The Company has a March 31st year end and therefore these condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as issued by the IASB.

These condensed consolidated interim financial statements do not include all information and note disclosures required by IFRS for annual financial statements, and therefore, should be read in conjunction with the March 31, 2023 consolidated annual financial statements. The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the March 31, 2023 consolidated annual financial statements.

These condensed consolidated interim financial statements were authorized for issue on February 29, 2024 in accordance with a resolution of the board of directors.

(b) Going concern basis of accounting

These condensed consolidated interim financial statements have been prepared on a going concern basis which contemplates that the Company will continue in operation and be able to realize its assets and discharge its liabilities and commitments in the normal course of business for the foreseeable future. In assessing whether this going concern assumption is appropriate and whether there are material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern, management considers all available information and actions within its control with respect to the future which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, as described in the following paragraphs.

During the nine months ended December 31, 2023, the Company has recognized a net loss of $4,418,866 (2022 - $6,314,726) and negative cash flows from operations of $150,464 (2022 - $1,032,025). The Company also has negative working capital of $24,186,253 (2023 - $20,046,688) and an accumulated deficit of $35,933,227 (2023 - $31,514,361) as at December 31, 2023. As a result, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

2. Significant Accounting Policies (continued)

(b) Going concern basis of accounting (continued)

Management's current strategy is to pursue financial restructuring initiatives, including the debentures issued under the Debenture Indenture, raise additional debt and/or equity financing to resume its manufacturing operations and to relocate to a new plant focused on the Limestone brand in New Brunswick, Canada. There is no assurance that the Company will be able to raise additional debt and/or equity capital required to fund its operations or achieve profitable operations upon the resumption of its manufacturing operations. If the Company is unable to obtain financing or take other actions, it may be unable to continue as a going concern.

These condensed consolidated interim financial statements do not reflect any adjustments, which could be material, to the carrying amounts of assets and liabilities, reported revenues and expenses, and balance sheet classifications used, that would be necessary if the Company were unable to continue as a going concern.

(c) Principles of consolidation

These condensed consolidated interim financial statements include the accounts of The Limestone Boat Company Limited and its wholly-owned subsidiary, The Limestone Boat Company Inc. All intercompany balances, transactions, income and expenses, and gains or losses have been eliminated on consolidation.

Subsidiaries are consolidated where the Company has the ability to exercise control. Control of an investee is defined to exist when the Company is exposed to variable returns from the Company's involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has all of the following: power over the investee (existing rights that gives it the current ability to direct the relevant activities of the investee); exposure, or rights, to variable returns from the Company's involvement with the investee; and the ability to use its power over the investee to affect its returns.

(d) Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is also the functional currency of The Limestone Boat Company Limited. Each subsidiary of the Company determines its own functional currency based on the primary economic environment in which the subsidiary operates. The functional currency of Limestone Boat Company Inc., is US dollars.

(e) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect as of the balance sheet date. Gains and losses are recognized in income on a current basis.

2. Significant Accounting Policies (continued)

(e) Foreign currency translation (continued)

Assets and liabilities are translated into the Company's presentation currency using the exchange rates at the reporting date. The revenues and expenses are translated using a rate representative of the date on which the transaction occurred, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through currency translation adjustment and accumulated other comprehensive loss in equity.

(f) COVID-19

While the impact of COVID-19 on our business has largely subsided, the Company continues to closely monitor all COVID-19 developments, including its impact on customers, employees, suppliers, vendors, business partners, and distribution channels. In addition, the global economy, including the financial and credit markets, has recently experienced extreme volatility and disruption, including increases to inflation rates, rising interest rates, foreign currency impacts, declines in consumer confidence, and declines in economic growth. All these factors point to uncertainty about economic stability, and the severity and duration of these conditions on the Company's business cannot be predicted. However, the Company remains focused on adapting to the challenges presented by the current macro-economic environment.

(g) Use of estimates and judgments

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

The following are management's key estimates:

- Stock-based compensation - the amounts recorded for stock-based compensation are based on estimates. The Black Scholes model is used to estimate the fair value of stock options at the date of grant based on estimates of assumptions for share price, expected volatility, expected number of options to vest, dividend yield, risk-free interest rate, and expected life of the options. Changes in these assumptions may result in a material change to the amounts recorded for the issuance of stock options (refer to note 10);

- Useful lives of assets – significant estimates are involved in the determination of the useful lives of property and equipment, right of use assets, and intangible assets;

2. Significant Accounting Policies (continued)

(g) Use of estimates (continued)

- Valuation of compound financial instruments – Convertible debenture conversion options require an estimation of the fair value of a similar liability that does not have an associated equity component using a suitable discount rate at initial recognition. The carrying amount of the conversion options is then determined by deducting the fair value of the financial liability from the fair value of the convertible debentures as a whole;

- Discount rate of lease liabilities - The Company determines its incremental borrowing rate as the rate of interest it would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment (refer to note 7);

- Warranty provision - In establishing the warranty provision, management estimates the likelihood that products sold will experience warranty claims and the costs to resolve the claims received. The warranty provision is made at the time of sale based on historical experience and is regularly monitored. Should these estimates prove to be incorrect, the Company may incur costs different from those provided for in the warranty provision;

- Impairment of long-lived assets – The Company's impairment test for goodwill is based on internal estimates of the value-in-use calculations and may use judgement or valuation models such as the discounted cash flow model. These estimates, including the methodology used and, the assessment of CGUs and how goodwill is allocated, can have a material impact on the respective values and ultimately the amount of any goodwill impairment.

The following are management's key judgements:

- Functional currency - judgment is required in determining the Company's functional currency based on the economic environment in which it primarily generates and expends cash;

- Recovery of deferred income tax assets - assessing whether the realization of tax losses against future taxable income is probable (refer to note 12);

3. Trade and Other Receivables

		December 31, 2023		March 31, 2023
Trade accounts receivable, net of allowance	**$**	**13,202**	$	-
HST recoverable		**175,924**		98,622
	$	**189,126**	$	98,622

		December 31, 2023		March 31, 2023
Less than 1 month	**$**	**6,596**	$	-
31-60 days		**-**		-
61-90 days		**-**		-
Over 90 days		**6,606**		-
Total trade accounts receivable		**13,202**		-
Less: Allowance for doubtful accounts		**-**		-
Trade accounts receivable, net of allowance	**$**	**13,202**	$	-

4. Property and Equipment

Property and equipment is comprised of the following:

Cost	Leasehold improvements	Vehicles	Equipment	Molds and tooling	Total
December 31, 2021	$ -	$ 85,477	$ 608,560	$ 3,220,984	$ 3,915,021
Deconsolidation (note 18)	-	-	(551,288)	(505,348)	(1,056,636)
Additions	-	-	17,221	-	17,221
Disposals	-	(81,398)	(45,618)	-	(127,016)
Currency translation adjustment	-	(4,079)	(21,011)	156,485	131,395
March 31, 2023	-	-	7,864	2,872,121	2,879,985
Additions	35,069	-	9,733	120,964	165,766
Disposals	-	-	-	-	-
Currency translation adjustment	-	-	(178)	(67,745)	(67,923)
December 31, 2023	**$ 35,069**	**$ -**	**$ 17,419**	**$ 2,925,340**	**$ 2,977,828**

Accumulated Depreciation	Leasehold improvements	Vehicles	Equipment	Molds and tooling	Total
December 31, 2021	$ -	$ 9,972	$ 62,608	$ 54,693	$ 127,273
Deconsolidation (note 18)	-	-	(157,272)	(104,838)	(262,110)
Depreciation	-	16,280	105,869	70,374	192,523
Disposals	-	(25,776)	(6,222)	-	(31,998)
Currency translation adjustment	-	(476)	(2,363)	(1,209)	(4,048)
March 31, 2023	-	-	2,620	19,020	21,640
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Currency translation adjustment	-	-	(59)	(431)	(490)
December 31, 2023	**$ -**	**$ -**	**$ 2,561**	**$ 18,589**	**$ 21,150**

Net book value	Leasehold improvements	Vehicles	Equipment	Molds and tooling	Total
December 31, 2021	$ -	$ 75,505	$ 545,952	$ 3,166,291	$ 3,787,748
March 31, 2023	$ -	$ -	$ 5,244	$ 2,853,101	$ 2,858,345
December 31, 2023	**$ 35,069**	**$ -**	**$ 14,858**	**$ 2,906,751**	**$ 2,956,678**

5. Right of Use Assets

Right of use assets is comprised of the following:

Cost	Land	Buildings	Equipment	Molds and tooling	Total
December 31, 2021	$ 2,041,158	$ 2,200,704	$ 264,832	$ 1,442,630	$ 5,949,324
Deconsolidation (note 18)	(1,945,041)	(2,005,446)	(252,361)	(1,374,697)	(5,577,545)
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Currency translation adjustment	(96,117)	(92,617)	(12,471)	(67,933)	(269,138)
March 31, 2023	-	102,641	-	-	102,641
Additions	-	879,506	-	-	879,506
Disposals	-	(95,375)	-	-	(95,375)
Currency translation adjustment	-	(7,266)	-	-	(7,266)
December 31, 2023	**$ -**	**$ 879,506**	**$ -**	**$ -**	**$ 879,506**

Accumulated Depreciation	Land	Buildings	Equipment	Molds and tooling	Total
December 31, 2021	$ -	$ 98,155	$ 65,682	$ 56,298	$ 220,135
Deconsolidation (note 18)	-	(191,072)	(128,460)	(130,976)	(450,508)
Depreciation	-	136,655	65,871	77,329	279,855
Disposals	-	-	-	-	-
Currency translation adjustment	-	(970)	(3,093)	(2,651)	(6,714)
March 31, 2023	-	42,768	-	-	42,768
Depreciation	-	48,861	-	-	48,861
Disposals	-	(39,740)	-	-	(39,740)
Currency translation adjustment	-	(3,028)	-	-	(3,028)
December 31, 2023	**$ -**	**$ 48,861**	**$ -**	**$ -**	**$ 48,861**

Net book value	Land	Buildings	Equipment	Molds and tooling	Total
December 31, 2021	$ 2,041,158	$ 2,102,549	$ 199,150	$ 1,386,332	$ 5,729,189
March 31, 2023	$ -	$ 59,873	$ -	$ -	$ 59,873
December 31, 2023	**$ -**	**$ 830,645**	**$ -**	**$ -**	**$ 830,645**

6. Accounts Payable and Accrued Liabilities

		December 31, 2023		March 31, 2023
Trade accounts payable	**$**	**4,904,916**	$	3,177,682
Accrued liabilities		**1,450,668**		1,869,836
Warranty provision		**29,679**		30,368
	$	**6,385,263**	$	5,077,886

The warranty provision above relates to the sale of boats during the 15 months ended March 31, 2023 and the year ended, December 31, 2021. The provision has been estimated based on historical warranty data associated with the Company's boats and by benchmarking to comparable situations for companies that are similar to Limestone.

Provisions		Warranties
December 31, 2021		412,321
Provisions made during the year		320,118
Provisions used during the year		(79,187)
Provisions reversed during the year		-
Deconsolidation (note 18)		(653,266)
Currency translation adjustment		30,382
March 31, 2023		30,368
Provisions made during the year		-
Provisions used during the year		-
Provisions reversed during the year		-
Currency translation adjustment		(689)
December 31, 2023	**$**	**29,679**

7. Lease Obligations

Lease obligations is comprised of the following:

	Land	Buildings	Equipment	Molds and tooling	Total
December 31, 2021	$ 691,101	$ 794,720	$ 129,669	$ 480,221	$ 2,095,711
Add: Additions	-	-	-	-	-
Add: Interest expense	57,090	63,180	12,088	48,297	180,655
Less: Principal repayments	(48,148)	(71,209)	(31,675)	(26,082)	(177,114)
Less: Interest payments	(57,090)	(63,180)	(12,088)	(48,297)	(180,655)
Less: Deconsolidation (note 18)	(691,483)	(712,958)	(111,593)	(486,649)	(2,002,683)
Currency translation adjustment	48,530	49,863	13,599	32,510	144,502
March 31, 2023	-	60,416	-	-	60,416
Add: Additions	-	879,506	-	-	879,506
Add: Interest expense	-	7,000	-	-	7,000
Less: Principal repayments	-	(52,675)	-	-	(52,675)
Less: Interest payments	-	(7,000)	-	-	(7,000)
Less: Disposals	-	(57,313)	-	-	(57,313)
Currency translation adjustment	-	-	-	-	-
December 31, 2023	**$ -**	**$ 829,934**	**$ -**	**$ -**	**$ 829,934**

Discount rates used for calculation of the lease liabilities ranged from 4.79% to 9.2%.

	December 31, 2023	March 31, 2023
Lease obligations	**$ 829,934**	$ 60,416
Less: current portion	**(271,505)**	(19,059)
	$ 558,429	$ 41,357

8. Convertible Debentures

Convertible debentures is comprised of the following:

	June 3, 2022	May 12, 2022	May 14, 2021	Total
Proceeds from issuance of convertible debentures	$ 484,000	$ 340,000	$ 14,097,000	$ 14,921,000
Less: transaction costs	(43,003)	(54,527)	(1,446,924)	(1,544,454)
Net proceeds	440,997	285,473	12,650,076	13,376,546
Amounts classified as equity, net of transaction costs	(128,943)	(83,513)	(3,236,295)	(3,448,751)
Accreted interest	146,885	114,560	6,877,907	7,139,352
Carrying amount of liability at December 31, 2023	$ 458,939	$ 316,520	$ 16,291,688	$ 17,067,147

	June 3, 2022	May 12, 2022	May 14, 2021	Total
Proceeds from issuance of convertible debentures	$ 484,000	$ 340,000	$ 14,097,000	$ 14,921,000
Less: transaction costs	(43,003)	(54,527)	(1,446,924)	(1,544,454)
Net proceeds	440,997	285,473	12,650,076	13,376,546
Amounts classified as equity, net of transaction costs	(128,943)	(83,513)	(3,236,295)	(3,448,751)
Accreted interest	74,023	57,998	4,288,069	4,420,090
Carrying amount of liability at March 31, 2023	$ 386,077	$ 259,958	$ 13,701,850	$ 14,347,885

On May 14, 2021, the Company completed a non-brokered private placement of subordinated unsecured convertible debentures (the “Debentures”), in the aggregate principal amount of $14,097,000 which mature 3 years from their date of issuance (the “Term). The proceeds were used to finance the Ebbtide acquisition. The Debentures bear interest at a rate of 10% per annum, payable annually in arrears. The Debentures are convertible at any time at the option of the holder into common shares of the Company (“Common Shares”) at a conversion price of $0.36 per Common Share (the “Conversion Price”). If at any time following 120 days from the date of issuance of the Debentures (the “Closing Date”) and prior to the date that is 30 days prior to the end of the Term, the volume weighted average closing price of the Common Shares on the TSX Venture Exchange, or such other exchange on which the Common Shares may be listed, is equal to or higher than $0.50 per Common Share for 20 consecutive trading days, the Company may notify the holders of the Debentures that the Debentures will be automatically converted into Common Shares at the Conversion Price 30 days following the date of such notice.

The Company paid qualified brokers a cash commission of 8% of the gross proceeds from each Debenture subscription amounting to $1,039,140, incurred legal costs of $112,511 and issued 2,518,445 compensation options amounting to $287,756 equal to 8% of the common shares underlying the debentures. Each compensation option is exercisable into one Common Share at an exercise price of $0.36 for a period of 18 months from the Closing Date.

The Company used the residual method to allocate the liability and equity portions of the Debentures. The fair value of the liability was measured using the discounted cash flow method. In determining the value of the liability, the Company applied a market rate of interest which assumes no equity component. The residual representing the equity component was netted against the liability which, is being accreted over the term. The Company estimated the residual amount allocated to the equity component to be $3,604,542 which is presented net of $877,127 of deferred taxes in the statement of changes in equity. Transaction costs of $368,247 have been allocated against the equity component.

8. Convertible Debentures (continued)

On May 12, 2022, the Company completed a non-brokered private placement of subordinated unsecured convertible debentures (the "Debentures"), in the aggregate principal amount of $340,000 which mature 3 years from their date of issuance (the "Term). The proceeds were used for working capital. The Debentures bear interest at a rate of 10% per annum, payable annually in arrears. The Debentures are convertible at any time at the option of the holder into common shares of the Company ("Common Shares") at a conversion price of $0.24 per Common Share (the "Conversion Price"). If at any time following 120 days from the date of issuance of the Debentures (the "Closing Date") and prior to the date that is 30 days prior to the end of the Term, the volume weighted average closing price of the Common Shares on the TSX Venture Exchange, or such other exchange on which the Common Shares may be listed, is equal to or higher than $0.50 per Common Share for 20 consecutive trading days, the Company may notify the holders of the Debentures that the Debentures will be automatically converted into Common Shares at the Conversion Price 30 days following the date of such notice.

The Company paid qualified brokers a cash commission of 8% of the gross proceeds from each Debenture subscription amounting to $27,200, incurred legal costs of $25,767 and issued 113,333 compensation options amounting to $1,560 equal to 8% of the common shares underlying the debentures. Each compensation option is exercisable into one Common Share at an exercise price of $0.24 for a period of 18 months from the Closing Date.

The Company used the residual method to allocate the liability and equity portions of the Debentures. The fair value of the liability was measured using the discounted cash flow method. In determining the value of the liability, the Company applied a market rate of interest which assumes no equity component. The residual representing the equity component was netted against the liability which, is being accreted over the term. The Company estimated the residual amount allocated to the equity component to be $99,465 which is presented net of $22,544 of deferred taxes in the statement of changes in equity. Transaction costs of $15,951 have been allocated against the equity component.

On June 3, 2022, the Company completed a non-brokered private placement of subordinated unsecured convertible debentures (the "Debentures"), in the aggregate principal amount of $484,000 which mature 3 years from their date of issuance (the "Term). The proceeds were used for working capital. The Debentures bear interest at a rate of 10% per annum, payable annually in arrears. The Debentures are convertible at any time at the option of the holder into common shares of the Company ("Common Shares") at a conversion price of $0.19 per Common Share (the "Conversion Price"). If at any time following 120 days from the date of issuance of the Debentures (the "Closing Date") and prior to the date that is 30 days prior to the end of the Term, the volume weighted average closing price of the Common Shares on the TSX Venture Exchange, or such other exchange on which the Common Shares may be listed, is equal to or higher than $0.38 per Common Share for 20 consecutive trading days, the Company may notify the holders of the Debentures that the Debentures will be automatically converted into Common Shares at the Conversion Price 30 days following the date of such notice.

The Company paid qualified brokers a cash commission of 8% of the gross proceeds from each Debenture subscription amounting to $6,000, incurred legal costs of $36,679 and issued 31,579 compensation options amounting to $324 equal to 8% of the common shares underlying the debentures. Each compensation option is exercisable into one Common Share at an exercise price of $0.19 for a period of 18 months from the Closing Date.

8. Convertible Debentures (continued)

The Company used the residual method to allocate the liability and equity portions of the Debentures. The fair value of the liability was measured using the discounted cash flow method. In determining the value of the liability, the Company applied a market rate of interest which assumes no equity component. The residual representing the equity component was netted against the liability which, is being accreted over the term. The Company estimated the residual amount allocated to the equity component to be $141,516 which is presented net of $34,256 of deferred taxes in the statement of changes in equity. Transaction costs of $12,574 have been allocated against the equity component.

On July 18, 2023, approval was received from the holders of Debentures due May 14, 2024, May 12, 2025 and June 3, 2025, of certain amendments to the terms of the Debentures which, among other things, provide the Company with the right to convert the outstanding principal and interest under the Debentures into common shares of the Company at a conversion price of $0.071 per common share.

Accreted interest is recorded with interest and bank charges in the consolidated statement of loss and comprehensive loss.

9. Long-Term Debt

		December 31, 2023		March 31, 2023
Convertible debentures (note 8)	**$**	**17,067,147**		14,347,885
Related party loans (note 11)		**903,052**		759,740
		17,970,199		15,107,625
Less: current portion		**(17,970,199)**		(15,107,625)
	$	**-**	$	-

Future payments of the Company's long-term debt are as follows:

2024	$	2,395,152
2025		16,106,304
2026		857,186
		19,358,642
Less: imputed interest & financing fees		(1,388,443)
	$	17,970,199

10. Share Capital

(a) Authorized and issued

<u>Common shares:</u>
The Company is authorized to issue an unlimited number of common shares. Holders of common shares have the right to vote at any meeting of shareholder of the Company, receive any dividend declared by the Company, and to receive the remaining property of the Company on dissolution.

10. Share Capital (continued)

(b) Stock option plan

The Company has established a stock option plan for its directors, officers and consultants under which the Company may grant options from time to time to acquire a maximum of 10% of the issued and outstanding common shares. The exercise price of each option granted under the plan shall be determined by the Board of Directors.

Options may be granted for a maximum term of five years from the date of the grant. They are non-transferable and are exercisable as determined by the Board of Directors when the option is granted. Options expire within 90 days of termination of employment or holding office as director or officer of the Company and, in the case of death, expire within a maximum period of one year after such death, subject to the expiry date of the option.

Stock option activity for the nine months ended December 31, 2023 and 2022 was as follows:

	December 31, 2023		December 31, 2022	
	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options
Balance, beginning of period	$ 0.21	5,895,000	$ 0.26	6,400,000
Transactions during the period				
Granted	-	-	0.12	4,745,000
Exercised	-	-	-	-
Forfeited	-	-	-	-
Outstanding, end of period	$ 0.21	5,895,000	$ 0.20	11,145,000
Exercisable, end of period	**$ 0.23**	**4,554,688**	**$ 0.22**	**5,971,875**

The following table provides additional information about the outstanding stock options as at December 31, 2023 and March 31, 2023:

	December 31, 2023			March 31, 2023		
Exercise Price	Number of Options Outstanding	Weighted Average Remaining Life (Years)	Number of Options Exercisable	Number of Options Outstanding	Weighted Average Remaining Life (Years)	Number of Options Exercisable
$0.12	1,995,000	3.75	1,189,063	1,995,000	4.50	710,938
$0.16	1,500,000	1.77	1,500,000	1,500,000	2.52	1,500,000
$0.30	900,000	2.18	900,000	900,000	2.93	900,000
$0.33	1,000,000	2.24	750,000	1,000,000	2.99	750,000
$0.35	500,000	2.52	375,000	500,000	3.27	250,000
$0.21	5,895,000	2.65	4,714,063	5,895,000	3.40	4,110,938

10. Share Capital (continued)

(b) Stock option plan (continued)

Using the Black-Scholes valuation method, the following weighted average assumptions were used to determine the value of the options granted during 2023:

		01-Oct-22
Risk-free interest rate		3.50%
Estimated life of options (years)		3.14
Expected volatility		56%
Market price of shares at date of issuance	$	0.06
Exercise price of options	$	0.12
Dividend yield		0%
Fair value of options granted	$	0.01

Expected life of options in years represents the period of time that options granted are expected to be outstanding.

Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period. The expected volatility was estimated by benchmarking to comparable situations for companies that are similar to Limestone along with the Company's own trading results.

(c) Share purchase warrants

Share purchase warrants activity for the nine months ended December 31, 2023 and 2022 was as follows:

	December 31, 2023			December 31, 2022		
		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price	Number of Warrants
Balance, beginning of period	$	0.31	6,323,172	$	0.29	10,671,955
Transactions during the period						
Granted (i)		-	-		0.24	113,333
Granted (ii)		-	-		0.19	31,579
Expired		(0.31)	(6,323,172)		(0.36)	(2,518,445)
Outstanding, end of period	**$**	**-**	**-**	**$**	**0.27**	**8,298,422**

(i) On May 12,2022, 113,333 warrants (compensation options) were granted in relation to the issuance of the convertible debentures (note 11). Each compensation option vested on issuance and is exercisable into one common share at an exercise price of $0.24 for a period of 18 months from the closing date.

(ii) On June 3, 2022, 31,579 warrants (compensation options) were granted in relation to the issuance of the convertible debentures (note 11). Each compensation option vested on issuance and is exercisable into one common share at an exercise price of $0.19 for a period of 18 months from the closing date.

10. Share Capital (continued)

(c) Share purchase warrants (continued)

The following table provides additional information about the outstanding share purchase warrants as at December 31, 2023 and March 31, 2023:

	December 31, 2023			March 31, 2023		
Exercise Price	Number of Warrants Outstanding	Weighted Average Remaining Life (Years)	Number of Warrants Exercisable	Number of Warrants Outstanding	Weighted Average Remaining Life (Years)	Number of Warrants Exercisable
$0.19	-	-	-	31,579	0.68	31,579
$0.24	-	-	-	865,926	0.65	865,926
$0.32	-	-	-	5,425,667	0.65	5,425,667
$0.31	-	-	-	6,323,172	0.65	6,323,172

Using the Black-Scholes valuation method, the following weighted average assumptions were used to determine the value of the warrants granted during 2023:

	03-Jun-22	12-May-22
Risk-free interest rate	2.91%	2.64%
Estimated life of warrants (years)	0.75	0.75
Expected volatility	56%	56%
Market price of shares at date of issuance	$ 0.09	$ 0.11
Exercise price of warrants	$ 0.19	$ 0.24
Dividend yield	0%	0%
Fair value of warrants granted	$ 0.01	$ 0.01

Expected life of warrants in years represents the period of time that warrants granted are expected to be outstanding.

Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period. The expected volatility was estimated by benchmarking to comparable situations for companies that are similar to Limestone along with the Company's own trading results.

11. Related Party Transactions and Balances

The Company's related party transactions during the period are largely associated with its shareholders. Transactions with shareholders have been recorded in the following financial statement captions at the aggregate amounts noted below:

		December 31, 2023		December 31, 2022
Professional fees	**$**	**112,500**	$	346,908
Salaries and wages		**472,129**		663,110
Stock based compensation (note 10(b))		**31,136**		146,116
	$	**615,765**	$	1,156,134

Key management personnel are also shareholders of the Company. During the prior year, a director provided services through an entity they control which charged the Company a management fee. During the nine months ended December 31, 2023, management fees paid amounted to $nil (2022 - $52,016) which has been recorded within professional fees. For the nine months ended December 31, 2023, director fees of $112,500 (2022 - $294,892), have been included within professional fees. As at December 31, 2023, $732,263 (2022 - $542,962) is outstanding and is recorded within accounts payable and accrued liabilities.

Compensation of other key management personnel during the nine months ended December 31, 2023 amounted to $472,129 (2022 - $663,110) which included in salaries in the aggregate amount of $441,253 (2022 - $633,701) and short-term benefits in the amount of $30,876 (2022 - $29,409). These amounts have been recorded within salaries and wages. As at December 31, 2023, $678,206 (2022 - $412,170) is outstanding and is recorded within accounts payable and accrued liabilities.

During the nine months ended December 31, 2023, the Company received loans from related parties amounting to $143,312 (2022 - $319,750). These loans bear interest at 10% per annum, are unsecured and expected to be repaid in 2024.

12. Income Taxes

At December 31, 2023, the Company has unused tax losses for income tax purposes of $11,726,370 (2021 - $13,347,969) which are available to offset future taxable income. No deferred tax asset has been recognized in respect of these losses.

13. Earnings Per Share

a. Basic

Basic income per share is calculated by dividing the net income attributable to shareholders of the Company by the weighted average number of common shares outstanding during the three and nine months ended December 31, 2023 and 2022.

	Three months ended December 31,		Nine months ended December 31,	
	2023	2022	2023	2022
Net loss	$ (1,969,154)	$ (2,951,873)	$ (4,418,866)	$ (6,314,726)
Weighted-average number of shares outstanding	119,665,940	119,665,940	119,665,940	119,665,940
Basic net income (loss) per share	$ (0.016)	$ (0.025)	$ (0.037)	$ (0.053)

b. Diluted

Diluted income per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. For 2024 and 2023, the Company's source of potentially dilutive common shares are stock options, warrants and convertible debentures. For the three and nine months ended December 31, 2023, an adjustment of nil (2022 – nil) for stock options and warrants has been excluded from the calculation of diluted earnings per share as they were anti-dilutive. As a result, diluted earnings per share is equal to basic earnings per share for the three and nine months ended December 31, 2023 and 2022.

14. Commitments and Contingencies

Design Fee License Agreement

On May 12, 2020, the Company entered into a design fee license agreement with Mark Ellis Design, LLC for the exclusive worldwide rights to manufacture Limestone boats and the exclusive worldwide rights to the use of the name of the Limestone trademark. This agreement has an initial term of twenty years and will automatically renew for successive terms of twenty years unless the Company elects not to renew. This agreement requires the Company to pay monthly design fees in an amount equal to the product of revenue from the sale of products in a given month and a prescribed rate based on the type of product sold and the volume of sales.

Marine Dealer Financing Arrangement with Northpoint Commercial Finance

The Limestone Boat Company Inc.

On November 23, 2020, the Company entered into a series of agreements with Northpoint Commercial Finance Canada Inc. and Northpoint Commercial Finance, LLC (collectively "NCF") through which the Company has been approved for a $7.5 million USD floor planning facility (the "Limestone NCF Facility") to support the sale of Limestone boats to the Company's dealers. On February 10, 2023, NCF elected to exercise its right to terminate the Limestone NCF Facility.

14. Commitments and Contingencies (continued)

Marine Dealer Financing Arrangement with Northpoint Commercial Finance (continued)

In connection with the Limestone NCF Facility, the Company has executed repurchase agreements with NCF. If a dealer defaults on their payments to NCF, the Company is required to repurchase the associated boat(s) from NCF.

On January 25, 2021, an irrevocable standby letter of credit in the amount of $500,000 was issued on behalf of the Company to NCF in connection with the floor planning facility. The letter of credit bears interest at a rate of 2.80% per annum. The letter of credit is secured by a cash deposit of $500,000, which has been invested in a 1-year term Guaranteed Investment Certificate (“GIC”) with an annual interest rate of 4.00% (2021 - 0.22%). This amount has been recorded as restricted cash within the statement of financial position. Restricted cash has been presented as long-term as it can not be exchanged or used to settle a liability within the next twelve months. On April 26, 2023, NCF made a draw in the amount of $296,000 against the irrevocable standby letter of credit issued by the Company in connection with the floor planning facility as the Company was in default under the terms of one or more agreements. The amount of the draw was satisfied by reducing the cash deposit used as security for the letter of credit

Ebbtide Holdings LLC

In May 2021, the Company assumed a series of agreements with Northpoint Commercial Finance, LLC ("NCF") through which the Company has been approved for a $2.0 million USD floor planning facility (the "Ebbtide NCF Facility") to support the sale of Ebbtide boats to the Company’s dealers. On February 10, 2023, NCF elected to exercise its right to terminate the Limestone NCF Facility.

In connection with the Ebbtide NCF Facility, the Company has executed repurchase agreements with NCF. If a dealer defaults on their payments to NCF, the Company is required to repurchase the associated boat(s) from NCF.

Other
A former employee of the Company filed a Ministry of Labour complaint on November 4, 2022 alleging failure to pay wages. The Ministry of Labor conducted an investigation and issued an Order to Pay Wages against the Company on February 28, 2023 for $103,613 which has been accrued for in these consolidated financial statements. During 2023, the former employee was terminated. As at December 31, 2023, $14,668 of the Order to Pay is outstanding and is recorded within accounts payable and accrued liabilities and the ultimate outcome of the termination is being determined.

15. Capital Management

The Company’s objective in managing capital is to ensure sufficient liquidity to pursue its strategy of growth and to maximize the return to its shareholders. The capital structure of the Company consists of cash, convertibles debentures, related party loans and shareholders’ equity. The Company does not have any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company makes adjustments to its capital structure in light of general economic conditions and the Company’s working capital requirements. In order to maintain or adjust its capital structure, the Company, upon approval from its Board of Directors, may undertake other activities as deemed appropriate under the specific circumstances. The Board of Directors reviews and approves any material transactions not in the ordinary course of business.

16. Financial Risk Management

Liquidity risk:
Liquidity risk arises from the possibility that the Company will not be able to meet its financial obligations as they become due. The Company's process for managing liquidity risk includes ensuring that, to the extent possible, it will have sufficient liquidity to meet its liabilities when they become due.

The Company monitors its risk of a shortage of funds by following internal policies on the completion of various liquidity planning processes. The Company prepares a weekly cash flow analysis to identify any potential shortfall of funds and the mitigation strategy in such circumstances. Potential sources for liquidity could include, but are not limited to bank loans and raising additional capital either publicly or through private placements.

Foreign currency risk:
Foreign currency risk arises from the possibility that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities when revenue or expenses are denominated in a foreign currency.

At present the Company has no plans in place to hedge its foreign exchange exposures. As at December 31, 2023, the Company did not have any balance denominated in currencies other than its functional currency. The CAD monetary balances of entities which have a functional currency of USD consist of the following:

	December 31, 2023	March 31, 2023
Cash	**$ 202,715**	$ 11,958
Restricted cash	**201,302**	500,000
Accounts payable and accrued liabilities	**4,882,489**	3,459,755
Lease obligations	**-**	60,416

The fair value of cash, restricted cash, accounts payable and accrued liabilities and any other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature.

A sensitivity analysis is presented below on the Company's exposure to foreign currency risk on balances denominated in CAD which have a functional currency of USD.

16. Financial Risk Management (continued)

Sensitivity analysis – foreign exchange risk
Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a one-year period. The Company's operating activities are substantially denominated in US dollars. The Company's funds are primarily kept in CAD and USD with a major Canadian financial institution.

The table below summarizes the effects on foreign exchange gains and losses as a result of a 10% change in the value of the foreign currencies where the Company has significant exposure. The analysis assumes that other variables remain constant.

	Income effect of a 10% increase in foreign exchange rates on translation of CAD monetary balances	Loss effect of a 10% decrease in foreign exchange rates on translation of CAD monetary balances
CAD	$ 447,847	$ (447,847)

17. Segment Reporting

The Company is required to disclose certain information regarding operating segments, products, services and geographic areas. Operating segments are defined as components of an enterprise for which separate financial information is available that is regularly evaluated by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company's chief operating decision maker is the Chief Executive Officer. The Company operated as one reporting segment for the three and nine months ended December 31, 2023 and 2022.

18. Deconsolidation of Limestone US Subsidiaries

On January 20, 2023, the Company announced that its wholly-owned subsidiaries Ebbtide Holdings, LLC, doing business as "TN Composites" ("TN Composites") and Limestone US Inc. ("Limestone US" and collectively with TN Composites, the "Limestone US Subsidiaries") filed voluntary petitions for relief under Chapter 7 of the Bankruptcy Code in the United States Bankruptcy Court for the Middle District of Tennessee – Nashville Division (the "Bankruptcy Court"). Upon the commencement of the Chapter 7 filings by the Limestone US Subsidiaries, their respective business operations ceased immediately and the Trustee appointed by the Office of the United States Trustee (the “Trustee”) immediately took charge of the assets of the Limestone US Subsidiaries pursuant to the United States Bankruptcy Code. The Trustee is expected to liquidate the assets of the Limestone US Subsidiaries and to distribute the proceeds of such sale proceedings in accordance with the order of priority established under Title 11 of the United States Bankruptcy Code and under the supervision and approval of the Bankruptcy Court.

Under a Chapter 7 filing, control no longer rests with the Company, but rather with the court-appointed Trustee in charge of administering the case. Accordingly, effective January 20, 2023, the Company no longer consolidates the Limestone US Subsidiaries and has deconsolidated the assets and liabilities resulting in the difference being recorded as a net loss of $5,948,349 in the consolidated statement of loss and comprehensive loss. Assets and liabilities related to the deconsolidation were as follows:

Cash	$ 10,571
Trade and other receivables	18,729
Inventories	823,209
Prepaid expenses and deposits	252,711
Restricted cash	751
Property and equipment (note 4)	875,903
Right of use assets (note 5)	5,694,962
Goodwill and intangible assets	4,285,635
Accounts payable and accrued liabilities (note 6)	(3,827,733)
Lease obligations (note 7)	(2,003,711)
Long-term debt (note 9)	(650,063)
Accumulated other comprehensive income	467,385
Loss on deconsolidation	$ 5,948,349