CANADABIS
CAPITAL INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended July 31, 2024 and 2023

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Independent Auditor's Report

To the Shareholders of Canadabis Capital Inc.

Opinion

We have audited the consolidated financial statements of Canadabis Capital Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at July 31, 2024 and 2023, and the consolidated statements of net income and comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at July 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

Description of the key audit matter

The Company's disclosure related to revenue is in note 3. The Company operates in the cannabis industry and has the following types of revenue: cultivation and wholesale, retail and extraction. We considered the audit of revenue to be a key audit matter as it required significant auditor's attention and the amount is significant to the consolidated financial statements.

How the key audit matter was addressed in the audit
Our audit procedures included but were not limited to the following:

- Reviewed management's revenue recognition policy and other disclosures in consideration of IFRS 15 requirements.
- Reviewed customer contracts and evaluated management's IFRS 15 analysis.
- For a sample of revenue transactions, performed detailed testing by agreeing amounts to source documents.
- Reviewed a sample of revenue transactions near the year end to determine whether the revenue was recorded in the correct period.

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- For a sample of revenue transactions perform a recalculation of excise taxes.
- We critically evaluated management's judgments and estimates related to revenue recognition, including assessments of product returns, allowances for doubtful accounts, and the timing of revenue recognition.

Other Information

Management is responsible for the other information. The other information comprises:

- The information, other than the consolidated financial statements and our auditor's report thereon, included in the Management Discussion & Analysis ("MD&A").

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the MD&A prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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

BDO Canada LLP

Chartered Professional Accountants

Calgary, Alberta
November 28, 2024

CANADABIS CAPITAL INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at

(Expressed in Canadian dollars)

		July 31, 2024		July 31, 2023
ASSETS				
Current assets				
Cash and cash equivalents (Note 7)	$	1,678,531	$	3,225,190
Trade accounts receivable and other receivables(Note 20(b))		2,059,390		1,995,536
Prepaid expenses		719,516		582,418
Biological assets (Note 9)		87,098		76,195
Inventory (Note 10)		9,174,703		5,751,874
		13,719,238		11,631,213
Long-term deposit (Note 8)		280,995		275,497
Property, plant and equipment (Note 11)		10,545,203		11,042,239
Due from related parties (Note 19)		-		14,090
	$	24,545,436	$	22,963,039
LIABILITIES				
Current liabilities				
Demand line of credit	$	482,350	$	-
Trade accounts payable and accrued liabilities		8,059,518		6,434,198
Goods and services tax payable		378,371		232,590
Income tax payable (Note 18)		99,730		119,228
Due to related parties (Note 19)		1,462,618		1,502,955
Current portion of lease obligations (Note 12)		370,380		383,298
Current portion of long-term debt (Note 13)		1,059,465		1,009,649
		11,912,432		9,681,918
Deferred income liability (Note 13(ii))		7,380		20,611
Lease obligations (Note 12)		633,030		951,058
Long-term debt (Note 13)		3,896,399		4,965,299
		16,449,241		15,618,886
SHAREHOLDERS' EQUITY				
Share capital (Note 15)		16,745,228		16,730,866
Share-based payments reserve		3,125,605		2,988,210
Deficit		(11,867,824)		(12,468,109)
Total equity attributed to own shareholders		8,003,009		7,250,967
Non-controlling interest (Note 14)		93,186		93,186
		8,096,195		7,344,153
	$	24,545,436	$	22,963,039

Approved by the Board of Directors

"Travis McIntyre"
Travis McIntyre

"Shane Chana"
Shane Chana

See accompanying notes to the consolidated financial statements

CANADABIS CAPITAL INC.

CONSOLIDATED STATEMENTS OF NET INCOME AND COMPREHENSIVE INCOME

For the Years Ended

(Expressed in Canadian dollars)

		July 31, 2024		July 31, 2023
REVENUE				
Gross revenue (Note 25)	$	30,409,082	$	34,604,669
Excise duty (Note 25)		12,454,405		12,382,216
Net revenues (Note 5)		17,954,677		22,222,453
Cost of sales (Note 6)		9,133,334		10,438,762
Gross profit		8,821,343		11,783,691
EXPENSES				
Depreciation and amortization		536,486		342,745
General and administration		7,308,316		6,713,071
Share-based payments (Note 16)		142,757		50,986
		7,987,559		7,106,802
Income from operations		833,784		4,676,889
Other income and expenses				
Financing costs (Note 23)		(509,846)		(446,108)
Other income (expenses) (Note 20(b)(iii))		357,827		332,941
		(152,019)		(113,167)
Net income before tax for the year		681,765		4,563,722
Income tax expense - current taxes (Note 18)		81,480		119,228
Net income and comprehensive income for the year		600,285		4,444,494
Attributed to:				
Equity holders of the parent		600,285		4,444,494
Non-controlling interest		-		-
	$	600,285	$	4,444,494
Per share amount (Note 22)				
Basic and diluted	$	0.00	$	0.03

See accompanying notes to the consolidated financial statements

CANADABIS CAPITAL INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Years Ended

(Expressed in Canadian dollars)

	Share capital	Share-based payment reserve	Deficit	Total equity attributable to own shareholders	Non-controlling interest	Total shareholders' equity
Balance, July 31, 2022	$ 16,145,534	$ 3,307,556	$ (16,912,603)	$ 2,540,487	$ 93,186	$ 2,633,673
Shares issued upon exercise of share options (Note 15(b)(ii))	585,332	(370,332)	-	215,000	-	215,000
Share-based payments (Note 16)	-	50,986	-	50,986	-	50,986
Net income and comprehensive income for the year	-	-	4,444,494	4,444,494	-	4,444,494
Balance, July 31, 2023	$ 16,730,866	$ 2,988,210	$ (12,468,109)	$ 7,250,967	$ 93,186	$ 7,344,153
Balance, July 31, 2023	$ 16,730,866	$ 2,988,210	$ (12,468,109)	$ 7,250,967	$ 93,186	$ 7,344,153
Shares issued upon exercise of share options (Note 15(b)(iii))	14,362	(5,362)	-	9,000	-	9,000
Share-based payments (Note 16)	-	142,757	-	142,757	-	142,757
Net income and comprehensive income for the year	-	-	600,285	600,285	-	600,285
Balance, July 31, 2024	$ 16,745,228	$ 3,125,605	$ (11,867,824)	$ 8,003,009	$ 93,186	$ 8,096,195

See accompanying notes to the consolidated financial statements

CANADABIS CAPITAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended
(Expressed in Canadian dollars)

	July 31, 2024	July 31, 2023
Cash provided by (used in)		
Operating activities		
Net income before tax for the year	$ 681,765	$ 4,563,722
Items not affecting cash		
Accretion expense	38,832	44,173
Depreciation (Notes 6, 9 and 11)	901,790	668,070
(Gain) loss on disposal of property, plant and equipment	(574)	2,803
Realized fair value on harvested cannabis inventory sold	63,874	59,976
Change in fair value of biological asset (Note 9)	(41,994)	43,370
Write down of inventory	71,166	43,223
Non-cash other income (Note 13(ii))	(13,231)	(18,735)
Non-cash interest expense (Note 19 (a) (ii))	3,791	3,791
Other income from derecognition of lease	(3,082)	-
Other income on debt forgiveness (Note 13(i))	(40,000)	-
Share-based payments	142,757	50,986
Changes in non-cash working capital (Note 24)	(2,061,399)	86,458
	(256,305)	5,547,837
Financing activities		
Issuance of shares (Note 15(b)(iii))	9,000	215,000
Advances from related parties	196,393	331,330
Repayment of amounts due to related parties	(222,639)	(256,326)
Proceeds from on demand line of credit	482,350	-
Repayment of on demand line of credit	-	(467,453)
Repayment of long-term debt (Note 13)	(1,093,767)	(909,486)
Interest earned on long-term deposit	(5,498)	-
Repayment of lease obligation (Note 12)	(327,864)	(414,767)
	(962,025)	(1,501,702)
Investing activities		
Purchase of property, plant and equipment (Note 11)	(338,173)	(980,520)
Proceeds on disposal of property, plant and equipment	9,844	14,699
	(328,329)	(965,821)
Net change in cash and cash equivalents	(1,546,659)	3,080,314
Cash and cash equivalents		
Beginning of the year	3,225,190	144,876
End of the year	$ 1,678,531	$ 3,225,190
Supplemental cash flow information		
Interest paid	$ 467,223	$ 398,144

See accompanying notes to the consolidated financial statements

1. Nature of operations

CanadaBis Capital Inc. ("CanadaBis" or the "Company") is incorporated under the Alberta Business Corporations Act ("ABCA") and its principal business is the production and sale of recreational cannabis and cannabis extracts. The Company's common shares are listed and traded on the TSX Venture Exchange under the symbol "CANB". The address of the Company's registered office is 255C Clearview Drive, Red Deer County, Alberta, Canada T4E 3B6.

2. Basis of preparation

(a) *Statement of compliance*

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "Financial Statements"). The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

These Financial Statements were approved and authorized for issue by the Board of Directors on November 28, 2024.

(b) *Basis of consolidation*

Subsidiaries are entities controlled by CanadaBis. Control exists when CanadaBis has the power, directly or indirectly, to govern the financial and operating policies of an entity and to be exposed to the variable returns from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements of CanadaBis from the date the control commences until the date the control ceases.

Subsidiaries	**Jurisdiction of incorporation**	**Ownership interest**
Stigma Pharmaceuticals Inc.	Alberta, Canada	100%
1998643 Alberta Ltd.	Alberta, Canada	100%
Full Spectrum Labs Ltd.	Alberta, Canada	100%
2103157 Alberta Ltd.	Alberta, Canada	100%
Goldstream Cannabis Inc.	British Columbia, Canada	95%

Intercompany balances and any unrealized gains and losses or income and expenses arising from transactions with subsidiaries are eliminated to the extent of CanadaBis' interest.

(c) *Non-controlling interest*

Non-controlling interest represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of shareholders' equity. Changes in the Company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions. Non-controlling interest consists of the non-controlling interest at the date of the original acquisition plus the non-controlling interest share of changes in equity since the date of acquisition.

The Company owns 95% of the outstanding common shares of its subsidiary, Goldstream Cannabis Inc. These consolidated financial statements include 100% of the assets and liabilities related to Goldstream Cannabis Inc., and include a non-controlling interest representing 5% of Goldstream Cannabis Inc.'s assets and liabilities not owned by the Company.

(d) *Basis of presentation*

These Financial Statements have been prepared on a historical cost basis except for biological assets and certain financial instruments which are measured at fair value. These Financial Statements are presented in Canadian dollars, which is also the functional currency.

3. Material accounting policies

A summary of the significant accounting policies, which have been applied consistently to all periods presented in the accompanying Financial Statements are set out below. Certain prior period amounts have been reclassified throughout the Financial Statements to conform with current period presentation. Changes in fair value related to biological assets and realized fair value on inventory sold are presented in notes to the Financial Statements. See Notes 6, 9 and 25.

(a) Cash and cash equivalents

Cash and cash equivalents include cash in banks and short term investments with maturities of less than 90 days at purchase. Fixed term redeemable deposits or similar instruments with a term longer than 90 days are cash equivalents if readily convertible to a known amount of cash throughout its term and subject to an insignificant risk of change in value assessed against the amount at inception i.e. principal will be returned either in full or substantially when redeemed.

(b) Biological assets

While the Company's biological assets are accounted for using IAS 41 "Agriculture", the direct and indirect costs of biological assets are determined using an approach similar to the capitalization criteria under IAS 2 "Inventories". They include the direct costs of growing supplies and direct labor costs as well as other indirect costs such as utilities, supplies used in the growing process, cleaning, insurance, and depreciation and amortization. All direct and indirect costs of biological assets are capitalized as they are incurred, and subsequently transferred to own cultivated inventory at the point of harvest. As own cultivated inventory is sold as bulk or upon sale of the end product, the cost of the own cultivated inventory is recorded within the financial statement line item "cost of goods sold" on the consolidated statement of net income and comprehensive income in the period that the end product is sold. Unrealized fair value gains/losses on growth of biological assets are recorded separately and disclosed in the notes to the Financial Statements. Biological assets are measured at their fair value less costs to sell on the consolidated statement of financial position.

(c) Inventory

The direct and indirect costs of inventory include the fair value of biological assets at the time of harvest. All direct and indirect costs related to harvested inventory (own cultivated inventory) are capitalized as they are incurred and upon sale of the end product are subsequently recorded within the "cost of goods sold" in the consolidated statement of net income and comprehensive income.

Extraction inventory cost is determined using the specific identification method to aggregate the individual costs per batch to fill specified orders. Extraction inventory costs consists of capitalized direct and indirect costs associated with the extraction of cannabinoids. Direct costs include the cost of purchased cannabis (bulk material), extraction wages, chemicals and supplies used in the extraction process. Indirect costs include: testing, packaging and insurance. If the net realizable value subsequently increases, a reversal of the loss initially recognized is applied to cost of goods sold. Bulk raw materials consists of capitalized direct costs to purchase from suppliers and indirect costs that include testing packaging.

Retail store inventory consists of packaged cannabis and cannabis products.

Inventory is valued at the lower of cost and net realizable value. The Company records inventory reserves for obsolete and slow-moving inventory. Inventory reserves are based on inventory obsolescence trends, historical experience and application of the specific identification method. As at July 31, 2023 and 2022, there was no inventory reserves recorded for retail inventory.

(d) Financial instruments

Recognition

The Company recognizes financial assets and liabilities at fair value when it becomes party to the contractual provisions of the instrument. Financial assets and liabilities are measured initially at their fair value plus, with the exception of financial assets and liabilities that are subsequently measured at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to their issuance. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred. Fair value of a financial instrument is the price that would be received to sell an asset or pair to transfer a liability in an orderly transaction between market participants at the measurement date.

Where a financial liability contains both a liability and an equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

3. Material accounting policies (continued)

(d) Financial instruments (continued)

Derecognition

Financial assts are derecognized when the rights to receive cash flows from the assets have expired or it transfers the financial instrument in a manner that qualifies for derecognition through transfer of substantially all risks and rewards or transfer of control.

Financial liabilities are derecognized upon extinguishment. A modification of a financial liability with an existing lender is evaluated to determine whether the amendment results in substantially different terms in which case it is accounted for as an extinguishment.

Classification

The classification of the Company's financial instrument depends on the nature and purpose of the financial instrument and is determined at the time of initial recognition. The financial assets of the Company are classified in the following categories:

- Amortized cost: assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost.
- Fair value through other comprehensive income ("FVOCI"): assets that were held for contractual cash flows and of selling the financial assets, where the asset's cash flow represents solely payment of principal and interest, are measured at FVOCI.
- FVTPL: assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL.

Financial liabilities of the company are classified as either amortized cost or at FVTPL. Subsequent to initial recognition, the Company classified all financial liabilities as amortized cost using the effective interest rate method.

Presentation

Financial assets and liabilities are not offset unless they are with a counterparty for which the Company has legally enforceable right to settle the financial instruments on a net basis and the Company intends to settle on a net basis.

Impairment

Financial assets are assessed at each reporting date in order to determine whether objective evidence exists that the assets are impaired as a result of one or more events which have had a negative effect on the estimated future cash flows of the asset.

If there is objective evidence that a financial asset has become impaired, the amount of the impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows from the cash discounted as its original effective interest rate. Impairment losses are recorded in the consolidated statement of net income and comprehensive income. If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related an event occurring after the impairment was recognized, the impairment loss is reversed up to the original carrying value of the asset. Any reversal is recognized in the consolidated statement of net income and comprehensive income.

CanadaBis assesses on a forward-looking basis the expected credit loss ("ECL") associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For accounts receivable, CanadaBis applies the simplified approach permitted under IFRS 9 "*Financial Instruments"* , which requires expected lifetime losses to be recognized from initial recognition of the receivables.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and/or accumulated impairment losses (if any). Such costs include expenditures directly related to the acquisition of the asset, the cost of replacing part of the property, plant and borrowing costs if the recognition criteria are met. All other repair and maintenance costs are recognized in the consolidated statement of net income and comprehensive income as incurred.

Depreciation of property, plant and equipment is not recorded until such time as the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation is recognized on a straight-line basis to depreciate the cost over the estimated useful life of property, plant and equipment, as follows:

Computer hardware	3 years
Office equipment	5 years
Automobiles	5 years
Plant and equipment	3 -10 years
Building and improvements	25 years

(f) Impairment of non-financial assets

At each reporting period end, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of net income and comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, net of depreciation and amortization, had no impairment loss been recognized for the cash-generating unit in prior periods.

(g) Revenue recognition

Under International Financial Reporting Standard 15 – Revenue from Contracts with Customers (“IFRS 15”), to determine the amount and timing of revenue to be recognized, the Company follows a five-step model:

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

Revenue is recognized either at a point in time or over a period of time, and when the revenue can be measured reliably.

The majority of the Company's revenue transactions for cultivation and wholesale, and extraction are with the provincial cannabis oversight bodies for the periods presented in these financial statements. The performance obligation of the sale of cannabis is deemed met and revenue recognized when the control has transferred upon delivery of the products to the provincial cannabis oversight bodies or to the distribution centres specified in the agreements based on standard terms and conditions that apply to orders filled under these agreements.

Revenue from retail store is recognized when the product is collected by the customer and payment is received at the store.

The Company is required to remit excise tax to the Canada Revenue Agency ("CRA") on the sale of recreation cannabis and extract products in Canada. The Company becomes liable for these excise taxes when cannabis products are delivered to the customer. In accordance with IFRS 15 Revenue from contracts with customers, revenue presented in the consolidated statement of net income and comprehensive income, represents revenue from the sale of cannabis and cannabis related products less applicable excise tax.

Interest income is recognized as it accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

3. Material accounting policies (continued)

(h) Per share amounts

Basic loss per share has been calculated using the weighted average number of common shares outstanding during the period presented. Diluted loss per share is calculated by dividing the net income or loss applicable to common shares by the sum of weighted average number of common shares issued and all additional common shares that would been outstanding, if potentially dilutive instruments were converted. The Company uses the treasury stock method, which assumes the proceeds received from the exercise of in-the-money instruments are used to repurchase common shares at the average market price of common shares for the period.

(i) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

(j) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs. The Company may issue units comprised of common share and common share purchase warrants. In these instances, the entire value of the unit is allocated to the common share component.

(k) Share-based payments

The grant date fair value of share-based payments awards granted to directors, officers and employees are recognized as a charge to the consolidated statement of net income and comprehensive income, with a corresponding increase in share-based payments reserve, over the vesting period.

Where the terms and conditions of options are modified before they vest, the changes in the fair value of the options, measured immediately before and after the modification, are also charged to the consolidated statement of net income and comprehensive income over the remaining vesting period for the increases in fair value.

Where equity instruments are granted to non-employees, they are recorded at the fair vale of the goods and services received in the consolidated statements of net income and comprehensive income. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods and services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company reverses the amounts previously recorded as a charge in the consolidated statements of net income and comprehensive income and reduction to share-based payment reserves.

(l) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the consolidated statements of net income and comprehensive income except to the extent that it relates to business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Tax on income in interim periods is accrued using the tax rate that would be applicable to expected total annual earnings.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extend that it is no longer probable that the related tax benefit will be realized.

(m) Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys a right to control the use of an identified asset, the Company assess whether:

- The contract involves the use of an identified asset;
- The Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use; and
- The Company has the right to direct the use of the asset.

Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used. The incremental borrowing rate is the rate that the lessee would have to pay to borrow at prevailing interest rates, market precedents and the Company's specific credit spread, on similar terms and security.

(n) *New and amended accounting standards adopted*

As at August 1, 2023, the Company adopted the following standards that had no material impact on these Financial Statements either due to not being applicable or limited relevance based on nature and extend of the Company's operations:

(i) IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" was amended to introduce a definition of accounting estimates that clarifies that these are monetary amounts in the financial statement that are subject to measurement uncertainty, and clarified the relationship between accounting policies and accounting estimates by specifying that the entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments to IAS 8 had no material impact on these Financial Statements.

(ii) IAS 1 "Presentation of Financial Statements" was amended to require entities to disclose material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed, and clarified that not all accounting policies are necessarily material if related to material transactions, other events or conditions. IFRS Practice Statement 2, Disclosure of Accounting Policies ("IFRS Practice Statement 2") provide non-mandatory guidance on the application of the definition of "material" in context of accounting policy information. The amendments to IAS 1 and IFRS Practice Statement 2 had no material impact on these Financial Statements.

(iii) IAS 12 "Income Taxes" was amended to require recognition of a deferred tax asset and deferred tax liability for temporary differences arising on initial recognition of a lease and decommissioning provision. These amendments to IAS 12 had no impact on these Financial Statements.

3. Material accounting policies (continued)

(o) New and amended accounting standards not adopted as at July 31, 2024

The following amendments will be effective for the Company's period commencing August 1, 2024, for which the impact on the Financial Statements will be limited to none depending on the facts and circumstances associated with the amendments that exist in the future reporting period:

(i) Amendments to IAS 1: Classification of Liabilities as Current or Non-current - the IASB issued 'Non-current Liabilities with Covenants to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. These amendments are effective for reporting periods beginning on or after 1 January 2024. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The IASB reconfirmed that only covenants with which an entity must comply on or before the reporting date affect the classification of a liability as current or non-current. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. These amendments also clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt. The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements for the reporting period beginning August 1, 2024.

4. Critical accounting estimates and judgements

The preparation of these Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets, liabilities, and the disclosure of contingent assets and liabilities. These estimates and judgements concern matters that are inherently complex and uncertain. Judgements and estimates are continually evaluated and are based on historical experience and expectation of future events. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

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 Financial Statements within the next financial year are discussed below.

(a) Inventory

Inventories are valued at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value at harvest, which becomes the initial deemed cost. Any subsequent post-harvest costs are capitalized to inventory at the lower of cost and net realizable value.

Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(b) Biological assets

The Company's biological assets are accounted for in accordance with IAS 41 Agriculture. Costs associated with the growing process are capitalized as incurred. These include direct costs such as seeds and other growing materials as well as indirect costs including, but not limited to, supplies and labor for individuals involved in the growing and quality control process. Depreciation of tangible assets used in the cultivation of biological assets is capitalized. Biological assets are measured at their fair value less costs to sell at each reporting period end. Unrealized gains and losses on the fair value of biological assets are recorded separately in these Financial Statements at the end of each reporting period end. Upon harvest, the biological assets are transferred to inventory at their fair value less costs to sell.

Depending on the cultivation efforts period to period, the following could be significant assumptions applied in determining the fair value of biological assets, categorized as a Level 3 in the fair value hierarchy based on the inputs to the valuation technique used, are as follows:

(i) Expected yield based on average historical growing results;
(ii) Percentage of costs incurred to date as compared to the estimated total costs to be incurred ("point in growth cycle");
(iii) Selling price calculated based on weighted average selling prices of cannabis of comparable companies in the industry as well as prices paid for bulk cannabis that was acquired from arms-length licensed producers for use in the extract operations.
(iv) Estimated costs to sell.

The Company periodically assesses the significant assumptions applied in determining the fair value of biological assets based on historical information obtained as well as planned production. When there is a material change in any of the significant assumptions, the fair value of the biological assets is adjusted.

(c) Useful lives of depreciable assets

The Company reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected use of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain equipment.

(d) Share-based payments

Use of the Black-Scholes Option Pricing model to estimate the fair value the Company's options and warrants requires the application of various assumptions including option lives, dividend yield, forfeitures and volatility of the market price of the Company's common shares. Changes in any of these variables could have a material impact on the share-based payments reserve and share-based payments expense.

(e) Impairment

Non-financial assets are tested for impairment when events or change in circumstances indicate that the carrying amount may be not recoverable, with the exception of goodwill which is reviewed for impairment annually or at any time if an indicator of impairment exists. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to, significant negative industry or economic trends, and current, historical or projected losses that demonstrate continuing losses.

The fair value measurement of the Company's non-financial assets, for the purpose of comparison with the carrying value, is based on numerous assumptions and may differ significantly from actual values.

The fair values are based, in part, on certain factors that may be partially or totally outside of the Company's control. This evaluation involves a comparison of the estimated fair values of non-financial assets to their carrying values. The fair value estimates may differ from fair values and these differences may be significant and could have a material impact on the Company's financial position and results of operations.

Management's estimate of future cash flows is subject to risk and uncertainties. Therefore, it is reasonably possible that changes could occur with evolving economic conditions, which may affect recoverability of the Company's non-financial assets.

(f) Allowance for expected credit losses

The allowance for expected credit loss amount is sensitive to changes in circumstances and of forecast economic conditions and may not be indicative of actual credit losses. The minimum allowance is determined as outlined in Note 20 to these Financial Statements and increased amounts determined depending on circumstances at each period end.

(g) Taxes

Accounting for income taxes is a complex process requiring management to interpret frequently changing laws and regulations and make judgments related to the application of tax law, estimate of timing of temporary difference reversals, and estimate of realization of tax assets. All tax filings are subject to subsequent government audits and potential reassessment. These interpretations and judgments and changes related to them impact tax provisions, deferred income tax assets and liabilities and net loss.

5. Net revenues

	Years ended July 31, 2024	Years ended July 31, 2023
Extract	$ 14,599,679	$ 21,100,344
Retail	152,530	549,670
Cultivation and wholesale	3,202,468	572,439
	$ 17,954,677	$ 22,222,453

6. Cost of sales

	Years ended July 31, 2024	Years ended July 31, 2023
Extract	$ 6,494,428	$ 9,544,205
Retail	157,491	400,811
Cultivation and wholesale	2,481,415	493,746
	$ 9,133,334	$ 10,438,762

During the years ended July 31, 2024 and 2023, the aggregate depreciation charge of $332,089 and $274,536, respectively were included in cost of sales - extract.

During the year ended July 31, 2024, the cost of sales - extract and cost of sales- cultivation and wholesale included realized fair value included in the packaged extraction inventory (finished goods) produced and wholesale sold using the Company's harvested cannabis inventory (own cultivated) of $35,121 and $28,753, respectively. The cost of sales-extract included realized fair value included packaged extraction inventory (finished goods) produced using the Company's harvested cannabis inventory (own cultivated) of $59,976 and sold during the comparative period presented.

During the year ended July 31, 2024, the majority of the inventory write-down of approximately $71,000, included an amount of approximately $40,000 due to stating the harvested cannabis inventory at the lower of cost and net realizable value, a slow moving allowance of approximately $33,000 related to retail store inventory not assumed by third party acquirer of the retail business offset by decrease of approximately $8,000 in slow moving allowance on harvested cannabis inventory (Note 20(b)(iv)). An inventory write-down of approximately $43,000 was recognized in the comparative period.

7. Cash and cash equivalents

As at July 31, 2024 and 2023, the cash and cash equivalents balance includes GICs with aggregate value of $700,000 that each are redeemable without penalties.

8. Long-term deposit

In connection with the New Credit Facility (see Note 13(iii)), a term deposit for commercial hold backs and an interest rate of 0.20% was obtained. The maturity date is July 13, 2024 and this term deposit cannot be redeemed until the lien as stipulated in the commitment letter is removed. The lien is regarding a statement of claim against the Company which the Company deems without merit and filed a counterclaim. As at July 31, 2024, the lien remained in place. As at July 31, 2024, the balance of $280,995 includes aggregate interest earned of $6,495 that is readily available to the Company.

9. Biological Assets

	July 31, 2024	July 31, 2023
Balance, beginning of the year	$ 76,195	$ 61,360
Capitalized cost of biological assets	346,993	380,321
Changes in fair value	41,994	(43,370)
Cash cost transferred to inventory upon harvest	(378,084)	(322,116)
Balance, end of the year	$ 87,098	$ 76,195

During the years ended July 31, 2024 and 2023, the depreciation charge of $33,882 and $50,789, respectively related to property, plant and equipment used in the growth and harvesting of biological assets was capitalized to biological assets.

During the years ended July 31, 2024 and 2023, the gross profit included the changes in fair value related to the biological assets of $41,994 and $(43,370), respectively.

During the year ended July 31, 2024, the Company successfully completed its eighteenth, nineteenth and twentieth harvests. As at July 31, 2024, the crop growing was approximately 47% complete relative to the next harvest date. As at July 31, 2024, the selling price of $3.15 per dry flower gram as at July 31, 2023 used in the valuation process was decreased to $3.00 per dry flower gram . As at October 31, 2023, the trim price per gram was decreased from $1.26 to $0.80 and remained unchanged for the remainder of the year ended July 31, 2024 (Note 6). The impact of these pricing decreases are included in costs of sales (Note 6).

The Company measures its biological assets at their fair value less costs to sell. This is determined using a model which estimates the expected harvest yield in grams for flower and trim being cultivated, and then adjust those amounts for selling price per gram and costs to sell. The fair value of biological assets is considered a Level 3 categorization in the IFRS fair value hierarchy, as there is currently no actively traded commodity market in Canada for cannabis plants. The fair value of cannabis plants was determined using a valuation model that estimates the expected harvest yield per crop and applies this to the estimated fair value less costs to sell per gram of dried cannabis flower. Significant unobservable inputs were used by management as part of this model:

- Selling price – calculated based on weighted average selling prices of cannabis of comparable companies in the industry as well as prices paid for bulk cannabis that was acquired from arms-length licensed producers for use in the extraction and tolling operations;
- Yield per plant – represents the expected number of dried cannabis flower which is expected to be obtained from each harvested cannabis plant; and
- Survival rate – represents the percentage of plants that start in the vegetative room that will eventually be harvested.

The following table quantifies each significant unobservable input, and also provides the impact of the percentage increase/decrease as noted in each input independently would have on the fair value of biological assets as at the period ends presented:

	July 31, 2024		July 31, 2023	
Selling price (Dry Flowers)	$3.00 p/gram	$3,333	$3.15 p/gram	$3,500
Yield per plant	42 grams	$3,500	42 grams	$3,500
Survival rate	95.0%	$5,300	95.0%	$5,300

10. Inventory

	July 31, 2024	July 31, 2023
Bulk material and retail	$ 297,308	$ 310,688
Harvested cannabis	314,980	224,018
Extraction	8,562,415	5,217,168
	$ 9,174,703	$ 5,751,874

11. Property, Plant and Equipment

	Land	Building and improvements (i)	Plant and equipment (ii)	Office equipment	Computer hardware	Automobiles	Total
Cost							
Balance, July 31, 2022	$ 2,425,000	$ 6,799,493	$ 1,308,371	$ 86,169	$ 32,267	$ 103,556	$ 10,754,856
Additions (iii)	-	624,399	1,426,393	68,363	15,332	87,153	2,221,640
Disposals	-	-	(8,385)	-	-	(20,917)	(29,302)
Balance, July 31, 2023	2,425,000	7,423,892	2,726,379	154,532	47,599	169,792	12,947,194
Additions	-	148,021	139,649	5,923	13,152	107,279	414,024
Disposals	-	-	-	-	-	(29,060)	(29,060)
Balance, July 31, 2024	$ 2,425,000	$ 7,571,913	$ 2,866,028	$ 160,455	$ 60,751	$ 248,011	$ 13,332,158
Accumulated depreciation							
Balance, July 31, 2022	$ -	$ 768,752	$ 387,502	$ 49,384	$ 21,647	$ 21,400	$ 1,248,685
Depreciation	-	273,630	325,780	24,969	13,942	29,749	668,070
Disposals	-	-	(1,446)	-	-	(10,354)	(11,800)
Balance, July 31, 2023	-	1,042,382	711,836	74,353	35,589	40,795	1,904,955
Depreciation (iv)	-	262,362	555,552	31,278	11,540	41,058	901,790
Disposals	-	-	-	-	-	(19,790)	(19,790)
Balance, July 31, 2024	$ -	$ 1,304,744	$ 1,267,388	$ 105,631	$ 47,129	$ 62,063	$ 2,786,955
Net book value							
July 31, 2024	**$ 2,425,000**	**$ 6,267,169**	**$ 1,598,640**	**$ 54,824**	**$ 13,622**	**$ 185,948**	**$ 10,545,203**
July 31, 2023	$ 2,425,000	$ 6,381,510	$ 2,014,543	$ 80,179	$ 12,010	$ 128,997	$ 11,042,239

(i) Included in property, plant and equipment is $914,821 (July 31, 2023 - $937,844) of building improvements and equipment that is not subject to amortization as it is currently under construction.

(ii) On January 31, 2021, 1998643 Alberta Ltd. entered into a lease arrangement with a company that is owned by two directors and a significant shareholder of CanadaBis to lease an extraction machine over a 72-month term for a monthly payment of $11,991 plus applicable taxes and residual value of $1, with first payment due April 30, 2021. Considering the related party nature of this transaction and outside of the normal course of business, the rate implicit to the arrangement approved by the Board of Directors was 11.0% and the original vendor cost of the asset was supported by an arm's length transaction between the lender and the vendor. For accounting purposes, the incremental borrowing rate for the Company (lessee) was assessed as 12.0% supported by an independent financing quote but due to financing constraints the Company entered into this lease arrangement with a related party. As at January 31, 2021, a right-of-use asset of $629,240 was recognized and a corresponding lease obligation (Note 12). The right-of use asset is depreciated over the lease term on a straight-line basis, which is shorter than the asset's useful life. During the years ended July 31, 2024 and 2023, the aggregate lease payments for the extraction machine was $148,898.

(iii) During the year ended July 31, 2023, certain plant and equipment and vehicle additions were financed by entering into a lease (Note 12(i)and (ii)) and long-term debt (Note 13(iv)). During the year ended July 31, 2024, the Company acquired a vehicle that was financed by entering into long-term debt (Note 13(iv)).

(iv) This represents the aggregate depreciation charge for the year ended July 31, 2024 that is prior to the capitalization of $33,882 to Biological Assets (Note 9) and reclassification of $332,089 from the "Depreciation and amortization" financial statement line item to Cost of sales - extract (Note 6) for presentation purposes.

12. Lease obligations

Right-of-use assets

The cost and accumulated depreciation related to the right-of-use assets have been included in property, plant and equipment (see Note 11). The changes in the net book value for the Company's right-of-use assets during the years ended July 31, 2024 and July 31, 2023, respectively were as follows:

Cost	Plant and equipment	Vehicle	Total
Balance, July 31, 2022	$ 629,240	$ 82,639	$ 711,879
Additions (Note 11(iii))	1,159,516	-	1,159,516
Balance, July 31, 2023	1,788,756	82,639	1,871,395
Derecognition of lease	-	(29,060)	(29,060)
Balance, July 31, 2024	$ 1,788,756	$ 53,579	$ 1,842,335
Accumulated depreciation			
Balance, July 31, 2022	$ 137,047	$ 20,224	$ 157,271
Depreciation	195,538	16,755	212,293
Balance, July 31, 2023	332,585	36,979	369,564
Depreciation	426,943	6,944	433,887
Derecognition of lease	-	(19,790)	(19,790)
Balance, July 31, 2024	$ 759,528	$ 24,133	$ 783,661
Net book value			
Balance, July 31, 2024	**$ 1,029,228**	**$ 29,446**	**$ 1,058,674**
Balance, July 31, 2023	$ 1,456,171	$ 45,660	$ 1,501,831

12. Lease obligations (Continued)

Lease liabilities

	July 31, 2024	July 31, 2023
Balance, beginning of the year	$ 1,334,356	$ 589,607
Plant and equipment (Note 12(i) and (ii))	-	1,159,516
Derecognition of lease	(3,082)	-
Lease payments	(489,985)	(503,027)
Interest expense	162,121	88,260
Balance, end of the year	1,003,410	1,334,356
Less current portion	(370,380)	(383,298)
	$ 633,030	$ 951,058

(i) The Company entered into a lease arrangement with a company to lease a pre-roll machine over a 36-month term for a monthly payment of $9,826 plus applicable taxes and a residual value of $1. A one-time payment of $95,664 was made and monthly payments commenced on November 1, 2022 for an aggregate payment of $184,095 during the year ended July 31, 2023. The rate implicit to the lease was 15.0%. As at November 1, 2022, a right-of-use asset of $386,296 was recognized and a corresponding lease obligation. The right-of-use asset is depreciated over the lease term on a straight-line basis, which is shorter than the asset's useful life.

(ii) During March 2023, the Company entered into a lease arrangement with a company to lease a pre-roll machine over a 48-month term for a monthly payment of $16,881 plus applicable taxes. A one-time payment of $189,326 inclusive of tax was made and an amount of $172,445 is included in lease payments for the year ended July 31, 2023. On July 31, 2023, the lease commenced as the machine was fully commissioned and made available for use by the lessor to the Company (lessee). A right-of-use asset and corresponding lease obligation of $773,220 was recognized for this equipment lease upon commencement of the lease. Monthly lease payments commenced on August 1, 2023. This right-of-use asset is depreciated over the lease term on a straight-line basis, which is the shorter than the asset's useful life.

Amounts recognized in profit and loss

	Years ended July 31, 2024	July 31, 2023
Lease expense on short-term lease	$ 21,402	$ 10,197
Interest expense on lease liabilities	162,121	88,260
Amounts expensed in profit and loss	$ 183,523	$ 98,457

Lease payments

The required undiscounted cash flows of lease payments of the lease liability as at July 31, 2024 are as follows:

	2024
Less than 1 year	$ 479,847
1-5 years	679,664
More than 5 years	-
	$ 1,159,511

13. Long-term debt

	CEBA loan (i)	RRRF Loan (ii)	Commercial Mortgage Loan (iii)	Vehicle Loans (iv)	Total
Balance, July 31, 2022	$ 120,000	$ 354,083	$ 6,284,574	$ -	$ 6,758,657
Additional funding	-	-	-	81,604	81,604
Repayment of principal	-	(76,510)	(827,279)	(5,697)	(909,486)
Accretion	-	18,736	25,437	-	44,173
Balance, July 31, 2023	120,000	296,309	5,482,732	75,907	5,974,948
Less current portion	-	(131,160)	(864,070)	(14,419)	(1,009,649)
	$ 120,000	$ 165,149	$ 4,618,662	$ 61,488	$ 4,965,299

	CEBA loan (i)	RRRF Loan (ii)	Commercial Mortgage Loan (iii)	Vehicle Loans(iv)	Total
Balance, July 31, 2023	$ 120,000	$ 296,309	$ 5,482,732	$ 75,907	$ 5,974,948
Additional funding	-	-	-	75,851	75,851
Repayment of principal	(80,000)	(131,160)	(863,368)	(19,239)	(1,093,767)
Debt forgiveness	(40,000)	-	-	-	(40,000)
Accretion	-	13,232	25,600	-	38,832
Balance, July 31, 2024	-	178,381	4,644,964	132,519	4,955,864
Less current portion	-	(131,160)	(902,416)	(25,889)	(1,059,465)
	$ -	**$ 47,221**	**$ 3,742,548**	**$ 106,630**	**$ 3,896,399**

(i) On April 9, 2020, the Government of Canada announced the Canada Emergency Business Account ("CEBA") loan program to small Canadian businesses to assist these businesses with working capital requirement during the COVID-19 pandemic. The maximum amount available under the program is $40,000, of which $10,000 is forgiven if the loan is repaid prior to December 31, 2022. The Company, through its two wholly owned subsidiaries, has applied for and received $80,000 under the CEBA loan program. During the year ended July 31, 2021, additional funding of $20,000 was secured by each of these entities with same repayment terms as initial funding received. The loan is non-interest bearing until December 31, 2022. An annual interest rate of 5% accrues from January 1, 2023 until December 31, 2025, the maturity date. Subsequent to July 31, 2022, the Government of Canada extended the repayment deadline for partial loan forgiveness from December 31, 2023, to January 18, 2024. Prior to January 18, 2024, an aggregate of $80,000 was repaid for these CEBA loans outstanding and the remaining aggregate balance of $40,000 representing the debt forgiveness portion was recognized and presented as other income in the consolidated statement of net income and comprehensive income for the year ended July 31, 2024.

13. Long-term debt (Continued)

(ii) On February 23, 2021, the Company through one of its wholly-owned subsidiaries secured funding of $393,428 under the Regional Relief and Recovery Fund ('RRRF"), an economic relief program under Canada's overall COVID-19 Economic Response Plan to fund ongoing non-capital operations. Repayment of this loan commenced on February 1, 2023 with 35 consecutive monthly installments of $10,930 and one final payment of $10,878 due on December 31, 2025. Interest is charged at an average bank rate plus 3% from commencement of repayment to December 31, 2025. Considering the interest free period and that received funding at an interest rate below market, the funding was deemed a government grant resulting in a deferred income liability recognized representing the benefit received. An annual effective interest rate of 5.45% was considered reflective of a market rate available at a financial institution under similar terms of repayment. As at July 31, 2024, the deferred income liability of $7,380 was outstanding net of $13,231 recognized during the year ended July 31, 2024 as other income representing recognition of this benefit over the term of the funding agreement. A corresponding accretion expense of $13,231 was recognized to accrete the loan outstanding during this current period presented. During the year ended July 31, 2023, other income and a corresponding accretion expense of $18,735 were recognized. The accretion expense is offset against an equal amount recognized in other income, resulting in a net impact of $Nil to net income for the years ended July 31, 2024 and 2023.

(iii) On June 3, 2021, the Company announced that a binding commitment letter was signed on May 24, 2021 with Connect First Credit Union (the "Credit Union") for a new credit facility of $9.6 million to be comprised of a 5-year term, $8,850,000 commercial mortgage loan bearing interest at a fixed rate of 4.35% per annum (calculated daily and payable monthly in arears) (the "Commercial Mortgage Loan) and a $750,000 on demand line of credit bearing interest at a rate of the lender's prime lending rate plus 1.00% per annum (calculated daily and payable monthly in arears) (collectively, the "New Credit Facility"). On July 23, 2021, the first tranche of $7,210,000 was released upon meeting customary closing conditions and was used to settle the existing long-term debt (vendor takeback mortgage and demand mortgage). Aggregate financing costs associated with the New Credit Facility incurred was $225,000 that was allocated against the Commercial Mortgage Loan. The costs associated with the loan form part of the amortized costs of the loan used to determine the effective interest rate of 3.63%. The monthly payable of principal and accrued interest of the Commercial Mortgage Loan is $91,081. As at July 31, 2024, an amount of $482,350 was drawn down on the line of credit, which is classified as financing activities for purposes of presentation in the consolidated statement of cash flows for the year ended July 31, 2024.

The New Credit Facility is secured through the First Coverage Demand Collateral Mortgages over the properties held by 1998643 Alberta Ltd. and 2103157 Alberta Ltd. in the amounts of $8,850,000 and $750,000, respectively. Also, first charge security interest over all present and acquired personal property, unlimited guarantees and postponement of claims by Goldstream Cannabis Inc. and 1926360 Alberta Ltd., and the assignment and postponement of all related party debt to the amount of $1,640,000 is in place.

The commitment letter requires that the Company maintains the following debt covenants as defined: 1) a debt service coverage ratio not less than 1.40:1 to be tested annually; 2) a debt-to-equity ratio not greater than 1.00:1.00 to be tested annually; and 3) a current ratio not less than 1.25:1.00 to be tested monthly. As at July 31, 2024, the Company was in compliance with all these debt covenants as the debt service coverage ratio was 1.42:1, the debt-to-equity ratio factoring in an appraisal surplus as included in the defined term of the commitment letter was 0.91:1 and the current ratio was 1.33:1.

(iv) Effective February 16, 2023, the Company entered into a loan agreement to finance the purchase of a vehicle for an amount of $81,603, net of a cash down payment of $10,000. The loan is repayable over a 60-month term at $1,635 per month bearing an interest rate of 7.49% per annum. Repayment commenced on March 18, 2023. Effective January 31, 2024, the Company entered into a loan agreement to finance the purchase of a vehicle for an amount of $75,851 with no cash downpayment. The loan is repayable over a 72-month term at $1,388 per month bearing interest at an annual rate of 9.49%. Repayment commenced on February 8, 2024.

14. Non-controlling interests

The changes in non-controlling interests are as follows for the periods presented:

Balance, July 31, 2022	$	93,186
Share of net loss for the year		-
Balance, July 31, 2023		93,186
Share of net income for the year ended		-
Balance, July 31, 2024	$	93,186

On August 13, 2019, the Company acquired 95% of the outstanding shares of Goldstream Cannabis Inc. ("Goldstream") for $3,500,000 payable in 11,666,666 common voting shares of CanadaBis, at a price of $0.30 per common voting share. At July 31, 2024, the Company held a 95% ownership interest (July 31, 2023 – 95%) in Goldstream, located in British Columbia, Canada. The following table represents the summarized information for Goldstream before intercompany eliminations.

		July 31, 2024		July 31, 2023
Current assets	$	4,284	$	4,284
Non-current assets		1,972,460		1,972,460
Current liabilities		111,384		111,384
Non-current liabilities		-		-
Net revenues for the years ended July 31, 2024 and 2023		-		-
Net income for the years ended July 31, 2024 and 2023	$	-	$	-

15. Share capital

(a) Authorized

The Company is authorized to issue an unlimited number of voting common, non-voting common and preferred shares.

(b) Issued and outstanding

	Number of shares		Amount
Balance, July 31, 2022	137,136,380	$	16,145,534
Proceeds from shares issued upon exercise of options Note 15(b)(ii))	1,075,000		215,000
Reclassification of contributed surplus to share capital upon exercise of options (Note 15(b)(ii))	-		370,332
Balance, July 31, 2023	138,211,380		16,730,866
Proceeds from shares issued upon exercise of options Note 15(b)(iii))	25,000		5,000
Reclassification of contributed surplus to share capital upon exercise of options (Note 15(b)(iii))	-		3,009
Proceeds from shares issued upon exercise of options Note 15(b)(iii))	20,000		4,000
Reclassification of contributed surplus to share capital upon exercise of options (Note 15(b)(iii))	-		2,353
Balance, July 31, 2024	138,256,380	$	16,745,228

15. Share capital (Continued)

(i) On December 1, 2021, the Company closed the first tranche of its previously announced non-brokered private placement consisting of 1,153,846 Units at a price of $0.13 per Unit to raise gross proceeds of $150,000. Each unit consisted of one common share and one common share warrant. Each Warrant entitles the holder to purchase one additional share at a price of $0.25 per share for a period of three years following closing or until December 1, 2024 (Note 17(b)).

(ii) On June 5, 2023, an ex-director of the Company exercised 400,000 options at an exercise price of $0.20 per option for gross cash proceeds of $80,000 and a reclassification of $187,942 from contributed surplus to share capital. On July 17, 2023, an ex-director of the Company exercised 650,000 options at an exercise price of $0.20 per share for gross cash proceeds of $130,000 and a reclassification of $179,380 from contributed surplus to share capital. On July 20, 2023, an employee of the Company exercised 25,000 options at an exercise price of $0.20 per share for gross cash proceeds of $5,000 and a reclassification of $3,009 from contributed surplus to share capital. The reclassification of contributed surplus to share capital represents the previously recognized share-based payments recognized based on the fair value at the date of grant determined using Black-Scholes model.

(iii) On August 11, 2023, an employee of the Company exercised 25,000 options at an exercise price of $0.20 per option for gross cash proceeds of $5,000 and a reclassification of $3,009 from contributed surplus to share capital. On November 10, 2023, an employee of the Company exercised 20,000 options at an exercise price of $0.20 per option for gross cash proceeds of $4,000 and a reclassification of $2,353 from contributed surplus to share capital. The closing share prices were $0.2750 and $0.2550, respectively based on the most recent trading date prior to the respective exercise of options on August 11, 2023 and November 10, 2023.

16. Share-based payments

(a) Option plan details

The Company has established a stock option program for its officers, directors, employees, and certain consultants under which the Company may grant options to acquire common voting shares at the market price of the shares, at the grant date. All options granted before April 30, 2020 under the stock option plan have a five-year term and vest over 3 years. For options issued subsequent to April 30, 2020, one-half vest immediately while remaining one-half vest on the first anniversary, unless otherwise stated.

(b) The following is a summary of changes in options from July 31, 2022 to July 31, 2024

	Number of options	Weighted average exercise price	
Outstanding, July 31, 2022	7,055,000	$	0.22
Granted	1,100,000	$	0.24
Exercised (Note 15(ii))	(1,075,000)	$	0.20
Outstanding, July 31, 2023	7,080,000	$	0.23
Exercised (Note 15(iii))	(45,000)	$	0.20
Expired	(450,000)	$	0.50
Cancelled and forfeited	(427,500)	$	0.20
Outstanding, July 31, 2024	6,157,500	$	0.21
Options exercisable as at July 31, 2024	6,157,500	$	0.21

(b) The following table summarizes information about the stock options as at July 31, 2024:

	Options Outstanding				Options Exercisable		
Range of exercise prices	Number outstanding	Weighted average remaining life	Weighted average exercise price		Number exercisable	Weighted average exercise price	
$0.20	5,120,000	0.99	$	0.20	5,120,000	$	0.20
$0.24	1,000,000	3.88	$	0.24	1,000,000	$	0.24
$0.29	37,500	0.36	$	0.29	37,500	$	0.29
	6,157,500	1.45	$	0.21	6,157,500	$	0.21

The following table summarizes information about the stock options as at July 31, 2023:

	Options Outstanding				Options Exercisable		
Range of exercise prices	Number outstanding	Weighted average remaining life	Weighted average exercise price		Number exercisable	Weighted average exercise price	
$0.20	5,585,000	2.03	$	0.20	5,585,000	$	0.20
$0.24	1,000,000	4.88	$	0.24	-	$	0.24
$0.29	45,000	1.36	$	0.29	45,000	$	0.29
$0.50	450,000	0.75	$	0.50	450,000	$	0.50
	7,080,000	2.34	$	0.23	6,080,000	$	0.22

(c) Fair value of options issued during the years presented

No options were granted during the year ended July 31, 2024. The follow table summarizes the assumptions used in the Black-Scholes option-pricing model for purposes of determining the fair value of the options granted during the year ended July 31, 2023:

	July 31, 2024	June 16, 2023	August 5, 2022
Dividend yield	-	0.00%	0.00%
Expected volatility	-	93.65%	97.05%
Risk-free interest rate	-	3.65%	3.12%
Forfeiture rate	-	2.00%	2.00%
Expected life (years)	-	5.00	2.91
Weighted average fair value of options	$ -	$ 0.18	$ 0.12

(c) On August 5, 2022, the Company granted 100,000 options to an employee that vested immediately. On June 16, 2023, the Company granted 1,000,000 options with an exercise price of $0.24 per share and a 5-year term to two directors and senior member of management. One-half of the options granted vested six months from date of grant and the remaining one-half vest on first year anniversary from the date of grant. During the year ended July 31, 2023, no options expired and 1,075,000 options were exercised (See Note 15(b)(ii)). During the year ended July 31, 2024, 427,5000 options were cancelled and forfeited, 450,000 options expired unexercised and 45,000 options were exercised, as disclosed in Note 15(b)(iii). During the year ended July 31, 2024, no options were granted.

17. Warrants

From time to time, the Company may issue warrants in connection with a financing as an incentive to participate in such offerings.

(a) On December 1, 2021, the Company closed the first tranche of its previously announced non-brokered private placement consisting of 1,153,846 Units at a price of $0.13 per Unit to raise gross proceeds of $150,000. Each unit consisted of one common share and one common share warrant. Each Warrant entitles the holder to purchase one additional share at a price of $0.25 per share for a period of three years following closing or until December 1, 2024, the expiry date. In accordance with the Company's accounting policy, the full value of the unit proceeds was allocated to common shares.

(b) The following warrants are outstanding as at the following dates:

	Number of warrants	Weighted average exercise price
Outstanding, July 31, 2023 and July 31, 2024	1,153,846	$ 0.25
Exercisable, July 31, 2023 and July 31, 2024	-	$ 0.25

The following table summarizes information about the Company's outstanding warrants as at July 31, 2024:

		Warrants outstanding			Warrants exercisable	
Issuance date	Expiry date	Number outstanding	Weighted average remaining life	Weighted average exercise price	Number exercisable	Weighted average exercise price
December 1, 2021	December 1, 2024	1,153,846	0.34	$ 0.25	-	$ 0.25

18. Income taxes

(a) The following table reconciles the estimated income tax expense using Canadian Federal and Provincial tax rate of 25% (2023 - 25%) to the reported tax expense.

	July 31, 2024	July 31, 2023
Loss before income taxes	$ 681,765	$ 4,563,722
Statutory tax rates	25%	25%
Expected income tax recovery	170,441	1,140,931
Effect on taxes of:		
Rate change	-	-
Share-based payments	35,690	12,747
Non-deductible expenses	34,584	18,008
Fair value adjustments to inventory	5,470	20,546
Deferred tax assets not recognized	(164,705)	(1,073,004)
	$ 81,480	$ 119,228

(b) The changes in deferred income tax assets and liabilities during the years ended July 31, 2024 and 2023 were as follows:

	July 31, 2023	Deferred tax assets (liabilities) recognized in net loss	July 31, 2024
Property, plant and equipment	$ 127,194	$ (130,838)	$ (3,644)
Biological assets	(18,351)	103,421	85,070
Lease liabilities	333,589	(102,804)	230,785
Non-capital losses	2,034,804	(1,411,155)	623,649
Share and debt issuance costs	8,734	(8,734)	-
Net deferred tax assets	2,485,970	(1550,111)	935,859
Deferred tax assets not recognized	(2,485,970)	1,550,111	(935,859)
	$ -	$ -	$ -

	July 31, 2022	Deferred tax assets (liabilities) recognized in net loss	July 31, 2023
Property, plant and equipment	$ 60,738	$ 66,456	$ 127,194
Biological assets	(12,450)	(5,901)	(18,351)
Lease liabilities	147,402	186,187	333,589
Non-capital losses	1,208,542	826,262	2,034,804
Share and debt issuance costs	8,734	-	8,734
Net deferred tax assets	1,412,966	1,073,004	2,485,970
Deferred tax assets not recognized	(1,412,966)	(1,073,004)	(2,485,970)
	$ -	$ -	$ -

18. Income taxes (Continued)

(c) As at July 31, 2024, the Company has non-capital loss carry-forwards that can be used to offset taxes in future years. These non-capital loss carry-forwards expire as follows:

2043	$	826,270
2042		771,455
2041		818,801
2040		404,245
2039		291,602
	$	3,112,373

19. Related party transactions

(a) The following is a summary of the Company's related party balances:

Amount due from related party		**July 31, 2024**		**July 31, 2023**
890859 Alberta Ltd.	$	-	$	14,090

890859 Alberta Ltd. is a company owned by a shareholder and officer of the Company. 890859 Alberta Ltd. that sold non-cannabis balms and creams produced by the Company . As at July 31, 2024, a balance of $10,802 was due to 890859 Alberta Ltd. This amount is non-interest bearing, unsecured and have no fixed terms of repayment. Accordingly, this amount is presented as current in the consolidated statement of financial position.

Amount due to related parties		**July 31, 2024**		**July 31, 2023**
SS Pipelines Ltd. (i)	$	689,745	$	689,745
Runaway Developments Ltd. (ii)		653,791		653,791
Director and shareholders (iii)		108,280		159,419
890859 Alberta Ltd.		10,802		-
	$	1,462,618	$	1,502,955

(i) SS Pipelines Ltd. is a company owned by shareholders, a director and officer of the Company. The amounts due to relates parties are non-interest bearing, unsecured and have no fixed terms of repayment. Accordingly, the amounts have been presented as being all current on the consolidated statements of financial position.

(ii) Runaway Developments Ltd. is a company owned by a shareholder of the Company. The amounts due to Runaway Developments Ltd. bears interest at 7% per annum and the maturity was extended to December 31, 2021 but not extended subsequently. As at July 31, 2024 and July 31, 2023, the outstanding balances included accrued interest of $3,791.

(iii) As at July 31, 2024 an aggregate amount of $108,280 (July 31, 2023 - $159,419) was due to a Director and shareholders of the Company. These amounts are due on demand, unsecured and interest free. Majority of this amount outstanding pertained to the vape filling machine rental fee, of which approximately $10,000 was repaid subsequent to July 31, 2024. During the year ended July 31, 2023, the Company entered into separate agreements to rent for a twelve-month period a vape filling machine from a director and shareholder of the Company. During the years ended July 31, 2024 and 2023, aggregate equipment rental expenses of $129,488 and $302,492, respectively were incurred representing a rental fee of $1 per vape filled.

(b) The Company is leasing an extraction machine from a company that is owned by three directors of CanadaBis. See Notes 11(ii) and 12 for further details. On June 27, 2022, the Board of Directors approved an annual consulting agreement with a director to provide certain legal, corporate and administration consulting services, which was renewed for an annual term effective May 1, 2023. The terms and conditions of this consulting agreement is within normal course of business and payable immediately. This contract was not renewed upon expiry in April 2024. Amounts outstanding in accordance with this agreement is included in trade accounts payable. As at July 31, 2024, the accounts payable balance includes an amount less than $1,000. During the years ended July 31, 2024 and 2023, the consulting services expenses incurred were $9,784 and $10,906, respectively.

(c) Key management compensation

CanadaBis considers its directors and executives to be key management personnel. Key management personnel compensation is comprised of the following:

		Years ended		
		July 31, 2024		**July 31, 2023**
Short-term employer benefits	$	415,768	$	269,455
Share-based payments		142,757		43,942
	$	558,525	$	313,397

20. Financial instruments and risk management

(a) Fair value

The carrying values of cash and cash equivalents, demand line of credit, trade accounts payable and accrued liabilities, due to related parties, current portion of lease liabilities and current portion of long-term debt approximate their fair values due to the short-term nature of these financial instruments.

The carrying amounts and fair values of the Company`s remaining financial assets and liabilities are as follows:

		July 31, 2024			**July 31, 2023**	
		Carrying amount		**Fair value**	**Carrying amount**	**Fair value**
Financial assets						
Loans and receivables						
Cash and cash equivalents	$	1,678,531	$	1,678,531	$3,225,190	$3,225,190
Trade accounts receivables and other receivables		2,059,390		2,059,390	1,995,536	1,995,536
Due from related party		-		-	14,090	14,090
Financial liabilities						
Other financial liabilities						
Demand line of credit		482,350		482,350	-	-
Trade accounts payable and accrued liabilities		8,059,518		8,059,518	6,434,198	6,434,198
Due to related parties		1,462,618		1,462,618	1,502,955	1,502,955
Long-term debt		4,955,864		4,955,864	5,974,948	5,974,948
Deferred income liability		7,380		7,380	20,611	20,611
Lease liability		1,003,410		1,003,410	1,334,356	1,334,356

20. Financial instruments and risk management (Continued)

(a) Fair value (Continued)

Fair value hierarchy

The financial instruments of the Company that are recorded at fair value have been classified into levels using the fair value hierarchy based on the degree to which the fair value is observable:

- Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3: Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

(b) Risk management

The Company's activities expose it to a variety of financial risks that arise as a result of its development, production and financing activities. CanadaBis has exposure to credit, liquidity and interest risk. CanadaBis' risk management policies are established to:

- Identify and analyze the risks faced by the Company;
- Set appropriate limits and controls; and
- To monitor risks and adherence to market conditions and the Company's activities.

This narrative presents information about the Company's risk exposure, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet financial obligations at the point at which they are due. The Company's operating cash requirements are continuously monitored by management. As factors impacting cash requirements change, liquidity risks may necessitate the need for the Company to raise capital by issuing equity or obtaining debt financing.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

	<1 Year	1-2 Years	3-5 Years	> 5 years
Accounts payable and accrued liabilities	$ 8,059,518	$ -	$ -	-
Due to related parties	1,462,618	-	-	-
Lease obligations	479,847	679,664	-	-
Long-term debt	1,059,465	2,050,944	2,009,712	-
Deferred income liability	-	7,380	-	-
	$ 11,061,448	$ 2,737,988	$ 2,009,712	$ -

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that would potentially subject the Company to concentrations of credit risks consist principally of cash and accounts receivable. All of the Company's cash was held at three financial institutions as at July 31, 2024, all of which are Canadian Chartered Banks.

Trade accounts receivable and other receivables

(i) For trade accounts receivable, the Company does not hold any collateral as security but mitigates this risk by dealing only with what management believes to be financially sound counterparties. As at July 31, 2024, approximately 90.4% of the trade accounts receivable balances were with four parties. The Company has a credit concentration risk as it deals with counterparties that are in the licensed cannabis industry. The Company's expected credit loss allowance is determined based on 1% of not past due amounts, 5% for 1-30 days, 10% for 31- 60 days, 25% up to 90 days and 50% up to 90 days.

The Company`s aging of trade receivables was as follows:	July 31, 2024	July 31, 2023
Trade accounts receivable		
Not past due	$ 1,977,925	$ 1,755,814
1-30 days	24,399	77,913
31-90 days	621	(922)
90+ days	20,446	526,820
Total gross carrying amount	2,023,391	2,359,625
Loss allowance	(38,789)	(548,274)
Total carrying amount	$ 1,984,602	$ 1,811,351

Reconciliation of the loss allowance

The following table shows a reconciliation of the opening to the closing balance of the loss allowance by the class of financial instrument. All classes of financial instruments shown are assessed for impairment in the current year using the simplified approach permitted under IFRS 9, whereby the loss allowance is always measured at an amount equal to lifetime expected credit losses.

	July 31, 2024	July 31, 2023
Loss allowance		
Balance, beginning of the year	$ 548,274	$ 584,142
Increase (decrease) in loss allowance for the year	17,335	(20,860)
Written off during the year	(526,820)	(15,008)
Balance, end of the year	$ 38,789	$ 548,274

20. Financial instruments and risk management (Continued)

(b) Risk management (Continued)

Credit risk (Continued)

(ii) The trade accounts receivable and other receivables include the following categories:

		July 31, 2024		July 31, 2023
Trades receivables, net (Note 20(i))	$	1,984,602	$	1,811,351
Insurance receivable (Note 20(iii))		-		139,185
Other receivables (Note 20(iv))		74,788		45,000
	$	2,059,390	$	1,995,536

(iii) As at July 31, 2023, the remaining balance of the trade accounts receivables and other receivables relates to an amount of $139,185 to be received from a third-party shipping company for reimbursement of the Company for loss of revenue due to theft of inventory in-transit during the quarter ended April 30, 2023. During the year ended July 31, 2023, the other income (expenses) for this period presented included a net amount of $311,787 that represents the insurance proceeds of $439,185 offset by $127,398, the cost of inventory stolen. This net amount of $311,787 is included in the other income (expenses) presented in the statement of net income and comprehensive income for the year ended July 31, 2023. During the three months ended July 31, 2023, the Company received $300,000 with the remaining approved balance of $139,185 that was received subsequent to July 31, 2023.

(iv) An asset purchase agreement dated December 1, 2023 was entered into between 2103157 Alberta Ltd., a wholly-owned subsidiary of the Company (the "Vendor") that operates a retail cannabis store (the "Business"), and a third-party (the "Purchaser") to sell the Vendor's inventory and assumed contracts of its retail operations, as stipulated in this agreement for a purchase price of $125,000 and an additional amount of approximately $52,000 arising from the count of the inventory (the "Asset Purchase Agreement"). An amount of approximately $177,000 related to this transaction was recognized as other income for the year ended July 31, 2024 as presented in the consolidated statement of net income and comprehensive income. As at July 31, 2024, other receivables included approximately $45,000 pertaining to the amount due for the inventory sold. This sale of the retail business does not constitute discontinued operations as the retail operations have not represented a major line of business nor focus of the Company's overall operations to date. Effective September 22, 2023, the aforementioned third-party (the "Purchaser") entered into an option to purchase agreement with the Vendor to acquire the business that the Vendor (defined as the "Seller") will be operating at these business premises (the "Business"). The Purchaser is granted the exclusive right to purchase the Business for a period of three (3) years from six (6) months from the effective date of this option agreement. The purchase price for the Business will be calculated as 1.5 times the topline gross sales as defined in this option agreement and will be payable with 25% in cash and the remainder in the Company's shares. No value was assigned to this option as not reasonable to determine and reasonable certainty does not exist that this option will be exercised during the term. The Vendor owns the business premises, and the Purchaser agreed to lease at a monthly rent of $4,680 plus GST this premises from the Vendor to operate the Business for a term from December 1, 2023 to December 1, 2026.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk through its long-term debt (Note 13). A 1% increase to the interest rate would have an approximate impact of $50,000 on pre-tax earnings for the year ended July 31, 2024.

21. Capital management

The Company's capital management objectives are:

- To safeguard the Company's ability to continue as going concern;
- To meet its capital expenditures for its continued operations;
- To maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk.

In the management of capital, the Company includes share capital and net debt (defined as current assets and amounts due from related parties less current liabilities and any long-term debt). At July 31, 2024, the Company had net debt of $2,730,003 (July 31, 2023 - $3,973,583).

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

22. Per share amounts

	Years ended	
	July 31, 2024	July 31, 2023
Weighted average number of common shares		
Basic	138,275,055	137,217,339
Diluted -in -the-money warrants and share options	138,275,055	137,217,339

23. Financing costs

		Years ended		
		July 31, 2024		July 31, 2023
Interest on long-term debt	$	308,893	$	313,674
Interest on lease liabilities		162,121		88,261
Accretion expense		38,832		44,173
	$	509,846	$	446,108

24. Changes in non-cash working capital

		Years ended		
		July 31, 2024		July 31, 2023
Operating activities				
Trade accounts receivable and other receivables	$	(63,854)	$	143,411
Inventory		(3,526,778)		(2,978,404)
Prepaid expenses		(137,098)		(180,104)
Trade accounts payable and accrued liabilities		1,621,529		2,892,486
Income tax		(100,979)		-
Goods and services tax payable		145,781		209,069
	$	(2,061,399)	$	86,458

25. Segmented information

For management purposes, the Company is organized into operating segments based on its products, services, locations and distribution methods. Four operating segments have been identified. These segments have been aggregated into three reportable segments: wholesale, retail and extract. The wholesale segment, which cultivates and distributes cannabis and cannabis products to and through, provincial liquor and cannabis boards which is subsequently sold onto end consumers. Retail segment involves sale of cannabis and cannabis related products to end consumers on premise owned and operated by the Company. Extract segment provides cannabinoid extraction services for the Company and also, to other licensed producers. Prior to August 1, 2022, this segment was referred to "Extraction and Tolling". Gross revenue earned includes excise taxes, which the Company pays as principal, but excludes duties and taxes collected on behalf of third parties. Net revenue is gross revenue less excise taxes. Excise taxes are effectively a production tax which becomes payable when the product is removed from the Company's premises and may or may not be directly related to the revenue depending on the province of sale. It is generally not included as a separate item on external invoices; increases in excise tax are not always passed on to the customer and where a customer fails to pay for product received the Company cannot reclaim the excise tax. The Company therefore recognizes excise tax, unless it regards itself as an agent of the regulatory authorities, as a cost and reduction to revenue for the Company. Therefore, excise duty as reduction to revenue is treated as production tax and presented as a reduction of gross revenue generated from the "Cultivation and wholesale", and "Extract" segments. Under the Excise Tax Act, the Company is required to maintain a security deposit of approximately $900,0000 pending finalization of the amount due and the repayment terms with the tax authorities that remains outstanding as of date of approval of these Financial Statements.

Management monitors the results of its operating segments separately for making decisions about resource allocation and performance assessment. Segment performance is evaluated on a number of measures, the most significant being profit and loss, which is measured consistently with the definition of profit and loss in the Consolidated Financial Statements. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. For segment information presentation purposes, the change to fair value on biological assets and realized fair value on finished goods sold (See Note 6) are usually included in "Extract" segment as to date the Company used its own harvested cultivations (harvested cannabis inventory) substantially in the extract process. Although the "Retail" segment does not constitute a reportable segment based on the quantitative thresholds as established under IFRS, this segment is presented below as deemed informative for illustrating the nature of operations during the periods presented in these Financial Statements.

Operating assets and liabilities are managed on a corporate basis. General and administrative expenses, current taxes, deferred taxes and capital expenditures are not allocated to segments as they are also managed on a corporate basis. Inter-segment revenues are eliminated on consolidation and are reflected in the "eliminations" column. All other adjustments and eliminations are part of a detailed reconciliation presented below.

For the year ended July 31, 2024	Cultivation and wholesale	Retail	Extract	Eliminations	Consolidated
Gross revenue (external customers)	$ 5,958,118	$ 152,530	$ 24,298,434	$ -	$ 30,409,082
Excise duty	2,755,650	-	9,698,755	-	12,454,405
Net revenue (external customers)	3,202,468	152,530	14,599,679	-	17,954,677
Cost of sales	2,481,415	157,491	6,494,428	-	9,133,334
Gross profit (loss)	721,053	(4,961)	8,105,251	-	8,821,343
General and administrative					7,308,316
Depreciation and amortization					536,486
Share-based payments					142,757
Income from operations					833,784
Financing costs					(509,846)
Other income (expenses)					357,827
Net income before taxes					681,765
Income tax expense - current income tax					81,480
Net income and comprehensive income					$ 600,285

For the year ended July 31, 2023	Cultivation and wholesale	Retail	Extract	Eliminations	Consolidated
Gross revenue (external customers)	$ 1,064,407	$ 549,670	$ 32,990,593	$ -	$ 34,604,670
Excise duty	491,968	-	11,890,249	-	12,382,217
Net revenue (external customers)	572,439	549,670	21,100,344	-	22,222,453
Cost of sales	493,746	400,811	9,544,205	-	10,438,762
Gross profit	78,693	148,859	11,556,139	-	11,783,691
General and administrative					6,713,071
Depreciation and amortization					342,745
Share-based payments					50,986
Income from operations					4,676,889
Financing costs					(446,108)
Other income (expenses)					332,941
Net income before taxes					4,563,722
Income tax expense - current income tax					119,228
Net income and comprehensive income					$ 4,444,494