FORM 5A

ANNUAL LISTING SUMMARY

Introduction

The requirement to file this Form 5A does not apply to NV Issuers. NV Issuers must file a Form 51-102F2 Annual Information Form.

This Annual Listing Summary must be posted on or before the day on which the Issuer's annual financial statements are to be filed under the Securities Act. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies.

General Instructions

(a) Prepare this Annual Listing Summary using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.

(c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Listed Issuer Name: Affinor Growers Inc. **Website: http://www.affinorgrowers.com** **Listing Statement Date: 13 Feb 1998** **Description(s) of listed securities(symbol/type): AFI/common shares**
Brief Description of the Issuer's Business: Affinor is a publicly traded company listed on the CSE under the symbol "AFI" and on the OTCQB under the symbol "RSSFF". Affinor is focused on developing vertical farming technologies and using those technologies to grow fruits and vegetables in a sustainable manner.
Description of additional (unlisted) securities outstanding

Jurisdiction of Incorporation: BC		
Fiscal Year End: May 31		
Date of Last Shareholders' Meeting and Date of Next Shareholders' Meeting (if scheduled): The last meeting was June 6, 2025, a new meeting date has not been confirmed.		
Financial Information as at: May 31, 2025		
	Current	**Previous**
Cash	**$7,570**	**$2,906**
Current Assets	**$127,578**	**$49,163**
Non-current Assets	**$775,818**	**$1,850,209**
Current Liabilities	**$1,777,364**	**$1,087,236**
Non-current Liabilities	**$333,292**	**$522,989**
Shareholders' equity (deficiency)	**$(1,27,260)**	**$289,147**
Revenue	**$Nil**	**$Nil**
Net Income (loss)	**$(1,654,959)**	**$(1,029,121)**
Net Cash Flow used in Operations	**$(61,757)**	**$(423,389)**

SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in the Schedules. If the required details are included in Schedule A or B, provide specific reference to the page or note.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

(a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.

(b) A description of the transaction(s), including those for which no amount has been recorded.

(c) The recorded amount of the transactions classified by financial statement category.

(d) The amounts due to or from Related Persons and the terms and conditions relating thereto.

(e) Contractual obligations with Related Persons, separate from other contractual obligations.

(f) Contingencies involving Related Persons, separate from other contingencies.

Please refer to Section 9 - Related Party Transactions, pages 24 and 25 of the Issuer's Audited Annual Financial Statements for the period ended May 31, 2025 (the "Annual Financial Statements") attached as Schedule A to this Form 5A.

2. Summary of securities issued and options granted during the period.

Provide the following information for the Listed Issuer's fiscal year:

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
October 10, 2024	Common shares	Private Placement	2,580,000	$0.05	$129,000	N/A	Related Persons	N/A
October 10, 2024	Warrants	Private Placement	2,580,000	$0.10 Exercise Price	N/A	N/A	Related Persons	N/A
October 10, 2024	Common Shares	Debt Settlement	158,466	$0.05	$7,923.29	Cash	Related Persons	N/A
May 21, 2025	Common Shares	Private Placement	700,000	$0.055	$38,500	N/A	N/A	$3,850
May 21, 2025	Warrants	Private Placement	700,000	$0.08 Exercise Price	N/A	N/A	N/A	N/A
May 21, 2025	Broker Warrants	Private Placement	70,000	$0.08 Exercise Price	N/A	N/A	N/A	N/A

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
July 3, 2025	300,000	Consultant	Stock Options	$0.05	July 3, 2030	$0.045

3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

(a) description of authorized share capital including number of securities outstanding for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

Date	Share Class	Authorized Share Structure	Number of Shares Issued
May 31, 2025	Common	Unlimited	40,614,492

(b) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

Warrants

Expiry Date	Exercise Price	As at May 31, 2024	Issued			As at May 31, 2025
February 7, 2026	$ 0.10	7,086,111	-	-	-	7,086,111
February 7, 2026	$ 0.10	1,050,000	-	-	-	1,050,000
March 21, 2026	$ 0.10	1,430,000	-	-	-	1,430,000
May 9, 2026	$ 0.10	700,000	-	-	-	700,000
October 10, 2026	$ 0.10	-	2,580,000	-	-	2,580,000
May 21, 2027	$ 0.08	-	770,000	-	-	770,000
October 12, 2027*	$ 0.10	1,550,000	-	-	-	1,550,000
Outstanding		11,816,111	3,350,000	-	-	15,166,111
Weighted average exercise price		$ 0.10	$ 0.10	$ -	$ -	$ 0.10

Stock Options

Expiry date	Exercise price	As at May 31, 2024		Issued	Expired / Cancelled /Forfeited	As at May 31, 2025
May 10, 2025	$ 0.50	200,000		-	(200,000)	-
December 29, 2025	$ 0.10	1,190,000		-	-	1,190,000

May 10, 2027	$ 0.10	1,000,000		-	-	1,000,000
July 25, 2031	$ 0.40	450,000		-	-	450,000
August 10, 2031	$ 0.50	100,000		-	-	100,000
November 2, 2031	$ 0.50	100,000		-	-	100,000
November 2, 2031	$ 0.30	400,000		-	-	400,000
December 7, 2031	$ 0.50	100,000		-	-	100,000
February 22, 2032	$ 0.40	50,000		-	-	50,000
Outstanding		3,590,000		-	(200,000)	3,390,000
Options exercisable		3,590,000		-	(200,000)	3,390,000
Weighted average exercise price	$	0.22	$	-	$ 0.50 $	0.20

(c) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

4. List the names of the directors and officers and include the position(s) held and the date of appointment, as at the date this report is signed and filed.

NAME OF DIRECTOR	POSITON(S) HELD
Nicolas Brusatore	CEO, Interim CFO & Director
Ben Hogervorst	Director & Chairman
Alan R. Boyco	Director
Rick Easthom	Director

5. Financial Resources

a) State the business objectives that the Issuer expects to accomplish in the forthcoming 12-month period;

- **Capital Raise**
- **Land Purchase**
- **New equipment installation**
- **Revenue Production**
- **First Tax SRED Completed**

b) Describe each significant event or milestone that must occur for the business objectives in (a) to be accomplished and state the specific time period in which each event is expected to occur and the costs related to each event;

The timeline for the issuer to accomplish the objectives is dependent on the Issuer's ability to raise capital through the issuance of its securities.

c) Disclose the total funds available to the Issuer and the following breakdown of those funds:

(i) the estimated consolidated working capital (deficiency) as of the most recent month end prior to filing the Listing Statement, and

(ii) the total other funds, and the sources of such funds, available to be used to achieve the objectives and milestones set out in paragraphs (a) and (b); and

(iii) describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the funds available described under the preceding paragraph will be used by the Issuer.

See the Issuer's Financial Statements for the year ended May 31, 2025 attached as Schedule A and Management Discussion and Analysis attached as Schedule B for further discussion.

6. Status of Operations

During the fiscal year, did the Listed Issuer

(a) reduce or impair its principal operating assets; or

(b) cease or substantively reduce its business operations with respect to its stated business objectives in the most recent Listing Statement?

Provide details:

During the year ended May 31, 2025, the management completed its annual impairment testing for its intangible assets. The recoverable amounts for all patents were based on likelihood of expected revenues to determine the risk of success or failure. Due to the uncertainty about the success and future economic benefits of the intangible assets, it resulted in a write-down of $736,392.

7. Business Activity

a) Activity for a mining or oil and gas Listed Issuer – **N/A**

(i) For the most recent fiscal year, did the Listed Issuer have positive cash flow, significant revenue from operations, or $50,000 in exploration or development expenditures?

Provide details.

(ii) If the response to (i) above is "no", for the three most recent fiscal years did the Listed Issuer have an aggregate of $100,000 in exploration or development expenditures?

Provide details.

b) Activity for industry segments other than mining or oil & gas

(i) For the most recent fiscal year, did the Listed Issuer have positive cash flow, or $100,000 in revenue from operations or $100,000 in development expenditures?

Provide details.

(ii) If the response to (i) above is “no”, for the three most recent fiscal years, did the Listed Issuer have either $200,000 in operating revenues or $200,000 in expenditures directly related to the development of the business?

Provide details.

SCHEDULE A: AUDITED ANNUAL FINANCIAL STATEMENTS

SCHEDULE B: MANAGEMENT DISCUSSION AND ANALYSIS

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Annual Listing Summary.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated June 2, 2026.

Nicholas Brusatore
Name of Director or Senior Officer

/s/ "Nicholas Brusatore"
Signature

CEO & Director
Official Capacity

Issuer Details Name of Issuer Affinor Growers Inc.	For Year Ended May 31, 2025	Date of Report YY/MM/D 26/06/02
Issuer Address 250-750 W. Pender Street		
City/Province/Postal Code Vancouver, BC V6C 2T7	Issuer Fax No. N/A	Issuer Telephone No. 604-356-0411
Contact Name Nicholas Brusatore	Contact Position CEO	Contact Telephone No. 604-356-0411
Contact Email Address info@affinorgrowers.com	Web Site Address info@affinorgrowers.com	

Schedule "A"

AFFINOR GROWERS INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MAY 31, 2025 AND 2024

Presented in Canadian Dollars

Head office and records office
4th Floor, 595 Howe St., Vancouver, BC V6C 2T5

DAVIDSON

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Affinor Growers Inc.

Opinion

We have audited the accompanying consolidated financial statements of Affinor Growers Inc. (the "Company"), which comprise the consolidated statement of financial position as at May 31, 2025, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

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 Company 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 in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred operating losses of $1,654,959 during the year ended May 31, 2025 and, as of that date, the Company had an accumulated deficit of $37,781,380. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matters

The consolidated financial statements of Affinor Growers Inc. for the year ended May 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on October 1, 2024.

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 year. 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.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our auditor’s report.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management’s Discussion and Analysis.

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 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 Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 IFRS Accounting Standards, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company'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 Company'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 Company 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company 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 year 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 Dylan Connelly.

Davidson & Company LLP

Chartered Professional Accountants   Vancouver, Canada

March 27, 2026

(Presented in Canadian Dollars)

	May 31, 2025	May 31, 2024
ASSETS		
Current assets		
Cash	$ 7,570	$ 2,906
Sales tax recoverable	97,406	26,380
Receivables	22,600	-
Prepaid expenses	-	19,875
Due from related parties (Note 9(a))	2	2
	127,578	49,163
Non-current assets		
Deposit	5,000	-
Property and equipment (Note 4)	556,107	631,311
Intangible assets (Note 5)	-	771,750
Right-of-use asset (Note 9(b))	214,711	447,148
	775,818	1,850,209
Total assets	$ 903,396	$ 1,899,372
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Accounts payable and accrued liabilities (Note 6, 9 & 13)	$ 1,515,477	$ 973,335
Lease liability (Note 9(b))	77,597	66,310
Loans payable (Note 7 & 9)	64,290	47,591
Deposit (Note 14)	120,000	-
	1,777,364	1,087,236
Non-current liabilities		
Lease liability (Note 9(b))	333,292	522,989
	333,292	522,989
Total liabilities	2,110,656	1,610,225
Shareholders' equity (deficiency)		
Share capital (Note 8)	28,851,636	28,696,523
Contributed surplus (Note 8)	1,378,525	1,375,086
Share-based payment reserve (Note 8)	6,343,959	6,343,959
Deficit	(37,781,380)	(36,126,421)
Total shareholders' equity (deficiency)	(1,207,260)	289,147
Total liabilities and shareholders' equity (deficiency)	$ 903,396	$ 1,899,372

Nature of operations and continuance of operations (Note 1)
Commitments and contingencies (Note 13)
Subsequent events (Note 16)

These consolidated financial statements are authorized for issue by the Board of Directors on March 27, 2026. They are signed on the Company's behalf by:

/s/ Nicholas Brusatore
Director

/s/ Rick Easthom
Director

AFFINOR GROWERS INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Presented in Canadian Dollars)

	Years ended May 31, 2025	2024
EXPENSES		
Amortization – intangible assets (Note 5)	$ 39,253	$ 42,997
Consulting and subcontractors (Note 9)	225,313	22,685
Depreciation – property and equipment (Note 4)	118,039	118,221
Depreciation – right-of-use asset (Note 9(b))	58,854	59,953
Loss on debt settlement	7,923	-
Interest expense (Note 7 & 9)	5,487	11,889
Impairment of equipment (Note 4)	75,451	-
Impairment of intangible assets (Note 5)	736,392	-
Loss on disposal of intangible assets (Note 5)	-	30,780
Management fees (Note 9)	160,000	160,000
Other operating expenses	59,549	43,756
Other income	(79,717)	-
Professional fees	208,880	254,408
Registration and information to shareholders	39,535	65,195
Share based compensation (Note 8, 9)	-	219,237
Loss and comprehensive loss for the year	$ (1,654,959)	$ (1,029,121)
Basic and diluted loss per common share	$ (0.04)	$ (0.04)
Weighted average number of common shares outstanding – basic and diluted	38,943,321	28,996,654

AFFINOR GROWERS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Presented in Canadian Dollars)

	Share capital					
	Number of shares	Amount	Contributed surplus	Share-based payment reserve	Deficit	Total shareholders' equity (deficiency)
Balance as at May 31, 2023	25,989,915	$ 27,861,979	$ 1,364,161	$ 6,124,722	$ (35,097,300)	$ 253,562
Share issuance – private placements	3,000,000	194,000	-	-	-	194,000
Share issuance costs	-	(25,345)	10,925	-	-	(14,420)
Share based compensation	-	-	-	219,237	-	219,237
Share issuance – exercise of warrants	550,000	55,000	-	-	-	55,000
Shares for debt	7,636,111	610,889	-	-	-	610,889
Loss for the year	-	-	-	-	(1,029,121)	(1,029,121)
Balance as at May 31, 2024	37,176,026	28,696,523	1,375,086	6,343,959	(36,126,421)	289,147
Share issuance – private placements	3,280,000	167,500	-	-	-	167,500
Share issuance costs	-	(28,233)	3,439	-	-	(24,794)
Shares for debt	158,466	15,846	-	-	-	15,846
Loss for the year	-	-	-	-	(1,654,959)	(1,654,959)
Balance as at May 31, 2025	40,614,492	$ 28,851,636	$ 1,378,525	$ 6,343,959	$ (37,781,380)	$ (1,207,260)

See notes to the consolidated financial statements

AFFINOR GROWERS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Presented in Canadian Dollars)

	For the years ended 2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (1,654,959)	$ (1,029,121)
Item not affecting cash:		
Amortization – intangible assets	39,253	42,997
Depreciation – right-of-use asset	58,854	59,953
Depreciation – property and equipment	118,039	118,221
Interest expense	5,487	11,889
Loss on debt settlement	7,923	-
Impairment of intangible assets	736,392	-
Loss on disposal of intangible assets	-	30,780
Impairment of equipment	75,452	-
Share based compensation	-	219,237
Changes in non-cash working capital items:		
Sales tax recoverable	(71,026)	(16,357)
Receivables	(22,600)	-
Prepaid expenses	14,875	(14,875)
Deposit	120,000	-
Accounts payable and accrued liabilities	510,553	153,887
Net cash used in operating activities	(61,757)	(423,389)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of capital assets	(89,551)	-
Net cash provided by investing activities	(89,551)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issuance	167,500	194,000
Share issuance costs	(3,850)	(14,420)
Proceeds from exercise of warrants	-	55,000
Loans received	38,000	204,543
Loans repaid	(45,678)	(15,000)
Net cash provided by financing activities	155,972	424,123
Net increase in cash for the year	4,664	734
Cash, beginning of year	2,906	2,172
Cash, end of year	$ 7,570	$ 2,906
Supplementary cash flow information		
Fair value of finder's warrants	$ 3,439	$ 10,925
Shares for debt	$ 15,846	$ 610,889
Patent costs included in accounts payable and accrued liabilities	$ 12,414	$ 8,519
Share issuance costs included in accounts payable and accrued liabilities	$ 20,944	$ -
Lease costs included in accounts payable and accrued liabilities	$ 6,750	$ -
Right of use and lease modification	$ 173,583	$ -
Loans for equipment purchase	$ 28,736	$ -

See notes to the consolidated financial statements

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Affinor Growers Inc. ("AGI" or the "Company") (please see principles of consolidation note 3(a)) is incorporated under the Canada Business Corporations Act and its registered office is 4th Floor, 595 Howe St. Vancouver, BC, Canada, V6C 2TC. The Company's common shares are listed for trading on the Canadian Securities Exchange ("CSE"), the Frankfurt Stock Exchange and the OTC QB Exchange.

The Company is a vertical farming technology company focused on developing and commercializing economical vertical farming technologies that use less resources (e.g. land, water, and energy resources) to produce pesticide-free produce year-round. The Company's revenue model includes entering into licensing agreements that provide licensing revenue as well as earnings on sales of its equipment and sale of produce from its production facilities.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. There are material uncertainties that may cast significant doubt about the appropriateness of the going concern assumption.

To date, the Company has generated limited revenue and significant losses, has not generated positive cash flows from operations and for the year ended May 31, 2025 incurred operating losses of $1,654,959 (2024 - $1,029,121). At that date the Company had an accumulated deficit of $37,781,380 (2024 - $36,126,421) and has relied upon financing primarily from private equity placements and exercise of options and warrants to fund its operations.

The Company's business plan is dependent on raising additional funds to finance its operations within and beyond the next 12 months. The Company plans to obtain funding through additional equity offerings, sale of its produce and licensing of its technology until it achieves positive cash flows from operations. While the Company has managed to fund its operations in the past through equity financing, raising additional funds is dependent on a number of factors outside the Company's control and, as such, there is no guarantee that it will be able to obtain additional financing in the future. If the Company is unable to obtain sufficient additional financing, it may have to delay, scale back or eliminate plans for its present or future facilities and curtail operations, which could harm the business, financial condition and results of operations. This could occur in the near term. Until such financing is secured and profitable operations are reached, there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance and in compliance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Company has consistently applied the accounting policies used in preparation of these consolidated financial statements throughout all the period presented. Significant accounting judgments and estimates used by management in the preparation of these consolidated financial statements are presented in Note 3.

These consolidated financial statements have been prepared on the basis of IFRS standards that are in effect at the issue time.

(b) Basis of preparation

Depending on the applicable IFRS requirements, the measurement basis used in the preparation of these consolidated financial statements is cost, net realizable value, fair value or recoverable amount. These consolidated financial statements, except for the statement of cash flows, are based on the accrual basis.

(Presented in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries as at May 31, 2025. Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries as if they formed a single entity. All inter-company transactions and balances between the companies are therefore eliminated in full.

The consolidated financial statements include the financial information of the Company and its subsidiaries listed in the following table:

Name of Subsidiary	Country of Incorporation	Ownership Interest at May 31, 2025	Ownership Interest at May 31, 2024	Principal Activity
Affinor Growers International Inc.	Canada	100%	-	Holding Company

(b) Foreign currency translation

The Company assesses functional currency on an entity-by-entity basis based on the related fact pattern. However, the presentation currency used in these consolidated financial statements is determined at management's discretion.

The functional currency of AGI, and the presentation currency applicable to these consolidated financial statements, is the Canadian dollar. The functional currency of the Company's subsidiary is the Canadian dollar. Currently, the Company's subsidiary is inactive.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each statement of financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency translation differences are recognized in profit or loss.

(c) Cash and cash equivalents

Cash equivalents include money market instruments which are readily convertible into cash or have maturities at the date of purchase of less than ninety days. As at May 31, 2025 and 2024, the Company did not have any cash equivalents.

(d) Property and equipment

Property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Where an item of property and equipment comprises major components with different useful lives, the components are accounted for as separate items of property and equipment. Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(d) Property and equipment *(Continued)*

Depreciation is provided at rates calculated to write off the cost of property and equipment, less their estimated residual value, over the estimated useful life of the asset. Depreciation is provided at the following annual rates:

Greenhouse	10 years straight line
Growing equipment	30% declining balance
Computer equipment	30% declining balance
Lighting equipment	10% declining balance
Dehumidifiers and fans	10% declining balance
Office equipment	20% declining balance

Depreciation commences when the assets are available for their intended use.

Property and equipment are derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the statement of comprehensive loss.

(e) Right-of-use assets and lease liability

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company then recognizes a right-of-use asset ("RUA") and a lease liability at the lease commencement date. The RUA is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the RUA or the lease term using the straight-line method. The lease term includes periods by an option to extend if the Company is reasonably certain to exercise that option.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if there is a change in future lease payments arising from a change in an index or rate, or if the Company changes its assessment whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, the amount of the remeasurement is recognized as a corresponding adjustment to the carrying amount of the RUA or is recorded in profit or loss if the carrying amount of the RUA has been reduced to zero.

(f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired is their fair value as at the date of acquisition.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date that the Company can demonstrate all of the following: i) the technical feasibility of completing the intangible assets so that it will be available for use or sale; ii) its intention to complete the intangible asset and use or sell it; iii) its ability to use or sell the intangible asset; iv) how the intangible asset will generate probable future economic benefits; v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development. Until these criteria are met, expenditures are expensed as incurred.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(f) Intangible assets *(Continued)*

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive loss in the expense category consistent with the function of the intangible assets. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets with finite lives are amortized annually on a straight-line basis. The Company holds five patents with effective lives of 15 - 20 years each and remaining lives of 12 - 16 years. The patents are amortized over the effective lives of the patents. Costs incurred for patents which are pending or are in the process of being developed are amortized over the remaining life of the patent when the patent is issued.

(g) Impairment of property and equipment and intangible assets (excluding goodwill)

Property and equipment and finite life intangible assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

An asset's recoverable amount is the higher of fair value less costs to sell 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 for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount and the impairment loss is recognized immediately in profit or loss for the period. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment loss had previously been recognized. A reversal is recognized immediately in profit or loss for the period.

(h) Share capital

Proceeds from the issuance of common shares are classified as equity on the statements of financial position. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from share capital.

The proceeds from the issuance of units comprised of shares and warrants are allocated between common shares and reserves based on the residual value method. Under this method, the proceeds are allocated to the shares based on their fair value and the residual value is allocated to the warrants.

(i) Provisions

Provisions are recognized in the statements of financial position when the Company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, 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, where appropriate, the risks specific to the liability.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(j) Share-based payment transactions

The Company's share option plan allows the Company's directors, officers, employees and consultants to acquire shares of the Company. The fair value of options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted, the estimated volatility, estimated risk free rate and estimated forfeitures.

If a grant of the share-based payments is cancelled or settled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Company accounts for the cancellation or settlement as an acceleration of vesting, and recognizes immediately the amount that otherwise would be recognized for services over the remainder of the vesting period.

The amount recognized for goods or services received during the vesting period are based on the best available estimate of the number of equity instruments anticipated to vest. The Company revises that estimate, if necessary, if subsequent information indicates that the number of share options anticipated to vest differs from the previous estimates. On vesting date, the Company revises the estimate to equal the number of equity instruments that ultimately vested. After vesting date, the Company make no subsequent adjustment to total equity for goods or services received if the share options are later forfeited or they expire at the end of the share option's life.

If a grant of the share based payment is modified during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) and the fair value of the new instruments is higher than the fair value of the original instrument, the incremental fair value granted in included in the measurement of the amount recognized for services received over the period from modification date until the date when the modified equity instruments vests, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognized over the remainder of the original vesting period of the original instrument.

Upon expiration of options, the amount applicable to expired options is moved to contributed surplus.

(k) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted that are expected to apply when temporary differences are expected to settle.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(l) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument.

At initial recognition, financial assets are measured at fair value and classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"). The classification depends on the purpose for which the financial assets were acquired, the business model in which they are managed and their cash flow characteristics. At initial recognition, financial liabilities are measured at fair value and classified as, subject to certain exceptions, subsequently measured at amortized cost. For financial assets and financial liabilities not at FVTPL, fair value is adjusted for transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in the statement of comprehensive loss.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows, and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVTPL unless it is measured at amortized cost or FVTOCI. However, an irrevocable election can be made at initial recognition for particular investments in equity instruments that would otherwise be measured at FVTPL to present subsequent changes in fair value through other comprehensive income.

Financial liabilities

The Company's financial instruments are classified and subsequently measured as follows:

Account	**Classification**
Cash	Amortized cost
Receivables	Amortized cost
Due from related parties	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost
Lease liability	Amortized cost

Reclassifications

The Company would reclassify a financial asset when the Company changes its business model for managing the financial asset. All reclassifications are recorded at fair value at the date of the reclassification, which becomes the new carrying value.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(l) Financial instruments *(Continued)*

Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new assets obtained less any new liability assumed) and (ii) cumulative gain or loss that had been recognized in other comprehensive loss is recognized in profit or loss.

The Company derecognizes a financial liability when its obligations are discharged or cancelled or expired.

Modification of financial assets and financial liabilities

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amounts as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

The Company derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

Impairment

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables, the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

(m) Loss per share

The Company presents the basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. In the Company’s case, diluted loss per share is the same as basic loss per share as the effects of including all outstanding options and warrants would be anti-dilutive.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(n) Significant accounting judgments, estimates and assumptions

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these consolidated financial statements, and may require accounting adjustments based on future occurrences. 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 further periods if the revision affects both current and future periods.

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

<u>Critical judgments</u>

(i) Going concern – Evaluation of the ability of the Company to realize its strategy for funding its future needs for working capital involves making judgments.

(ii) Useful life of intangible assets – Management has judgmentally used the maximum legal life of the patents as the useful life of the intangible assets for purposes of amortization.

(iii) Impairment of intangible assets – The determination that there are no indicators of impairment indicating that the carrying amount exceeds the recoverable amount. Judgment is required in assessing whether certain factors would be considered an indicator of impairment or impairment reversal. Management considers both internal and external information to determine whether there is an indicator of impairment or impairment reversal present and, accordingly, whether impairment testing is required.

(iv) Impairment of property and equipment - An evaluation of whether or not an asset is impaired involves consideration of whether indicators of impairment exist. Factors which could indicate impairment exists include: significant underperformance of an asset relative to historical or projected operating results, significant changes in the manner in which an asset is used or in the Company's overall business strategy, the carrying amount of the net assets of the Company being more than its market capitalization or significant negative industry or economic trends.

<u>Significant estimates and assumptions</u>

i. Costs of defence – as management could not determine the amount of legal fees that would ultimately be covered pursuant to the Notice of Civil Claim with any degree of certainty, any legal fees covered were recorded as a recovery in the period of final adjudication and recorded as other income (see Note 13).

ii. Share-based payments - Share-based payments are determined using the Black-Scholes Option Pricing Model based on estimated fair values of all share-based awards at the date of grant. The Black-Scholes Option Pricing Model utilizes assumptions such as expected price volatility, the expected life of the option and the number of options that may be forfeited. Changes in these input assumptions may affect the fair value estimate.

iii. Lease modification - The discount rate used to evaluate the present value of the lease liability. The discount rate was determined by comparing debt issuances in similar companies, historical experience of the Company and by assessing macro-economic factors present in the market.

iv. Non-cash transactions - The valuation of shares issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(o) Revenue recognition

The Company follows IFRS 15 Revenue from Contracts with Customers, which establishes a five step model to account for revenue arising from contracts with customers:

- identify the contract with a customer;
- identify the performance obligations in the contract;
- determine the transaction price, which is the total consideration provided by the customer;
- allocate the transaction price among the performance obligations in the contract based on their relative fair values; and
- recognize revenue when the relevant criteria are met for each performance obligation.

The Company's revenue model includes entering into licensing agreements that provide licensing revenue as well as earnings on sales of its equipment and sale of produce from its production facilities. Revenue is recognized at a point of time when the control of the products has transferred to an external party, when all significant contractual obligations have been satisfied and there is no unfulfilled obligation that could affect the customer's acceptance of the products. These are generally met when products are shipped to the customer, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales order, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

Revenue is measured based on the price specified and provided to the customer.

(p) New standards, amendments and interpretations not yet adopted

A number of new standards, and amendments to standards and interpretations, are not effective and have not been early adopted in preparing these consolidated financial statements. The following accounting standards and amendments are effective for the current and future years.

IAS 1, Presentation of Financial Statements ("IAS 1") - Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued amendments to IAS 1. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statements of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The Company adopted this amendment as of June 1, 2024 with no impact on its consolidated financial statements.

(Presented in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(p) New standards, amendments and interpretations not yet adopted *(Continued)*

IFRS 18, Presentation and Disclosure in Financial Statements

IFRS 18 introduces three sets of new requirements to give investors more transparent and comparable information about companies' financial performance for better investment decisions.

1. Three defined categories for income and expenses – operating, investing or financing – to improve the structure of the income statements, and require all companies to provide new defined subtotals, including operating profit;
2. Requirement for companies to disclose explanations of management-defined performance measures (MPMs) that are related to the income statement; and
3. Enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes.

This new standard is effective for reporting periods beginning on or after January 1, 2027. The Company will be evaluating the impact of the above amendments on its consolidated financial statements.

4. PROPERTY AND EQUIPMENT

	Growing equipment	Computer equipment	Office equipment	Lighting equipment	Dehumidifiers and fans	Greenhouse	Total
Cost							
As at May 31, 2023 and 2024	$ 285,823	$ 5,438	$ 5,863	$ 71,289	$ -	$ 637,935	$ 1,006,348
Addition	90,113	-	-	-	27,453	720	118,286
Impairment	-	-	-	(71,289)	(27,453)	-	(98,742)
As at May 31, 2025	$ 375,936	$ 5,438	$ 5,863	$ -	$ -	$ 638,655	$ 1,025,892
As at May 31, 2023	$ 124,714	$ 5,438	$ 5,863	$ 10,337	$ -	$ 110,464	$ 256,816
Depreciation	48,333	-	-	6,095	-	63,793	118,221
As at May 31, 2024	173,047	5,438	5,863	16,432	-	174,257	375,037
Depreciation	47,350	-	-	5,486	1,373	63,830	118,039
Impairment	-	-	-	(21,918)	(1,373)	-	(23,291)
As at May 31, 2025	$ 220,397	$ 5,438	$ 5,863	$ -	$ -	$ 238,087	$ 469,785
Net book value							
As at May 31, 2024	$ 112,776	$ -	$ -	$ 54,857	$ -	$ 463,678	$ 631,311
As at May 31, 2025	$ 155,539	$ -	$ -	$ -	$ -	$ 400,568	$ 556,107

During the year ended May 31, 2025, the Company impaired certain equipment as management intends to replace it in the foreseeable future.

(Presented in Canadian Dollars)

5. INTANGIBLE ASSETS

	Patents	Patents Pending	Total
Cost			
As at May 31, 2023	$ 1,159,326	$ 69,464	$ 1,228,790
Additions	-	8,018	8,018
Disposal	(18,511)	(12,269)	(30,780)
Reclassification	23,797	(23,797)	-
As at May 31, 2024	1,164,612	41,416	1,206,028
Additions	-	3,895	3,895
Impairment	(691,081)	(45,311)	(736,392)
As at May 31, 2025	$ 473,531	$ -	$ 473,531
Accumulated amortization			
As at May 31, 2023	$ 391,281	$ -	$ 391,281
Amortization	42,997	-	42,997
As at May 31, 2024	434,278	-	434,278
Amortization	39,253	-	39,253
As at May 31, 2025	$ 473,531	$ -	$ 473,531
Net book value			
As at May 31, 2024	$ 730,334	$ 41,416	$ 771,750
As at May 31, 2025	$ -	$ -	$ -

As at May 31, 2025, patents and patents pending were comprised of the following:

Patents

- Method and Apparatus for Automated Horticulture and Agriculture (Canada and United States)
- Method and Apparatus for Automated Vertical Horticulture and Agriculture (Canada and United States)
- Vertical Growing Tower for Automated Horticulture and Agriculture (Canada, United States)
- Agricultural and Horticultural Growing Tower (Canada); and
- Growing Tower (United States).

Patents Pending

Patents were pending for certain of the above-noted patents in various countries including EU, United States and United Arab Emirates. During the year ended May 31, 2024, the Company disposed of intangible assets of $30,780.

During the year ended May 31, 2025, the management completed its annual impairment testing for its intangible assets. The recoverable amounts for all patents were based on likelihood of expected revenues to determine the risk of success or failure. Due to the uncertainty about the success and future economic benefits of the intangible assets, it resulted in a write-down of $736,392.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	May 31, 2025	May 31, 2024
Accounts payable	$ 1,515,477	$ 973,335

During year ended May 31, 2024, the Company settled $272,530 accounts payable by issuance of 3,406,628 units of the Company with each unit consisting of one common share and one common share purchase warrant (see notes 8 and 9).

(Presented in Canadian Dollars)

7. LOANS PAYABLE

Loans payable consists of the following:

		May 31, 2025		May 31, 2024
Unsecured loan, bearing interest at 8% per annum, and has no fixed terms of repayment	$	-	$	7,923
Unsecured loan, bearing interest at 10% per annum, and repayable on June 28, 2025. Monthly penalty of $1,000 for default after the maturity date for failure of full repayment		25,737		-
Unsecured loan, bearing interest at 8% per annum, and repayable on September 2, 2023 (Note 14)		-		39,668
Unsecured loan, bearing interest at 8% per annum, and repayable on September 4, 2025 (Note 14)		18,347		-
Unsecured loan, bearing interest at 8% per annum, and repayable on October 14, 2025 (Note 14)		20,206		-
	$	64,290	$	47,591

During the year ended May 31, 2025, the Company:

i) loan repayment of $40,678 including total accrued interest of $1,010 on FreshBay, Inc.'s loan (see note 14).

ii) settled loan amounts of $7,923 by issuance of 158,466 common shares of the Company (see notes 8 and 9).

iii) recorded an unsecured loan payable to a consultant of $28,736 for equipment purchased on behalf of Company. The loan accrues interest at 10% and is payable on June 28, 2025. During the year ended May 31, 2025, the Company repaid $5,000 against the loan, and also incurred additional penalties of $2,000 for failure of repayment. The loan was fully repaid subsequent to May 31 2025.

iv) recorded an unsecured loan payable to CEO of $18,000. The loan accrues interest at 8% and is payable on September 4, 2025.

v) recorded an unsecured loan payable to a director of $20,000. The loan accrues interest at 8% and is payable on October 14, 2025.

During the year ended May 31, 2024, the Company:

i) received additional $80,000 in interest bearing loans and accrued total interest of $11,300 on loans.

ii) recorded an unsecured loan payable to the CEO of $124,543 for payments made by the CEO on behalf of the Company. The loan is interest-free and has no fixed terms of repayment.

iii) settled loan amounts of $338,359 by issuance of 4,229,483 units of the Company with each unit consisting of one common share and one common share purchase warrant (see notes 8 and 9).

8. SHARE CAPITAL AND CONTRIBUTED SURPLUS

(a) Authorized:

The Company's authorized share capital consists of an unlimited number of common shares without par value.

As of May 31, 2025, the Company had 40,614,492 common shares outstanding (2024 - 37,176,026).

(b) Contributed surplus:

Contributed surplus consist of amounts recorded for stock-based compensation related to stock options and warrants granted.

(c) Share issuances:

During the year ended May 31, 2025, the Company:

i) completed a private placement for 2,580,000 units at $0.05 per unit for total proceeds of $129,000. Each unit consists of one common share and one common share purchase warrant exercisable at $0.10 until October 10, 2026. Under the residual value approach, $Nil was assigned to the warrant component of the units.

ii) settled $7,923 of loans payable owing to a creditor of the Company by issuing 158,466 common shares of the Company at a fair value of $15,846 resulting in a loss on settlement of $7,923 (see note 7).

iii) completed the first tranche of a non-brokered private placement of 700,000 units of the Company at a price of $0.055 per unit for gross proceeds of $38,500. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable into one common share of the Company at $0.08 until May 21, 2027. Under the residual value approach, $Nil was assigned to the warrant component of the units.

The Company paid $24,794 and issued 70,000 finder's warrants valued at $3,439 as finders' fees. Each warrant is exercisable into one common share of the Company at $0.08 until May 21, 2027.

During the year ended May 31, 2024, the Company:

i) completed a private placement for 1,000,000 units at $0.08 per unit for total proceeds of $80,000. Each unit consists of one common share and one common share purchase warrant exercisable at $0.10 until February 7, 2026. The Company paid $4,000 and issued 50,000 finder's warrants valued at $3,049 as finders' fees. Each finder's warrant is exercisable into one common share of the Company at $0.10 through February 7, 2026. Under the residual value approach, $Nil was assigned to the warrant component of the units.

ii) settled $610,889 of debt (accounts payable of $272,530 and loans payable of $338,359) by issuing 7,636,111 units of the Company (see notes 6 and 7). Each unit consists of one common share and one common share purchase warrant exercisable at $0.10 until February 7, 2026. Under the residual value approach, $Nil was assigned to the warrant component of the units.

iii) completed a private placement for 1,300,000 units at $0.05 per unit for total proceeds of $65,000. Each unit consists of one common share and one common share purchase warrant exercisable at $0.10 until March 21, 2026. The Company paid $6,500 and issued 130,000 finder's warrants valued at $7,876 as finders' fees. Each finder's warrant is exercisable into one common share of the Company at $0.10 until March 21, 2026. Under the residual value approach, $Nil was assigned to the warrant component of the units.

(Presented in Canadian Dollars)

8. SHARE CAPITAL AND CONTRIBUTED SURPLUS *(Continued)*

(c) Share issuances *(Continued)*:

iv) completed a private placement for 700,000 units at $0.07 per unit for total proceeds of $49,000. Each unit consists of one common share and one common share purchase warrant exercisable at $0.10 until May 9, 2026. The Company paid $3,920 as finders' fees. Each warrant is exercisable into one common share of the Company at $0.10 until May 9, 2026. Under the residual value approach, $Nil was assigned to the warrant component of the units.

v) issued 550,000 common shares pursuant to the exercise of warrants for gross proceeds of $55,000.

(d) Warrants:

The continuity of warrants for the year ended May 31, 2025 is as follows:

Expiry date	Exercise price	As at May 31, 2024	Issued	Exercised	Expired	As at May 31, 2025
February 7, 2026	$ 0.10	7,086,111	-	-	-	7,086,111
February 7, 2026	$ 0.10	1,050,000	-	-	-	1,050,000
March 21, 2026	$ 0.10	1,430,000	-	-	-	1,430,000
May 9, 2026	$ 0.10	700,000	-	-	-	700,000
October 10, 2026	$ 0.10	-	2,580,000	-	-	2,580,000
May 21, 2027	$ 0.08	-	770,000	-	-	770,000
October 12, 2027*	$ 0.10	1,550,000	-	-	-	1,550,000
Outstanding		11,816,111	3,350,000	-	-	15,166,111
Weighted average exercise price		$ 0.10	$ 0.10	$ -	$ -	$ 0.10

*The expiry date on these warrants was amended on September 18, 2024 from October 12, 2024 to October 12, 2027.

As of May 31, 2025, the weighted average contractual life is 1.06 years (2024 – 1.55 years).

The continuity of warrants for the year ended May 31, 2024 is as follows:

Expiry date	Exercise price	As at May 31, 2023	Issued	Exercised	Expired	As at May 31, 2024
August 4, 2023	$ 0.15	2,293,550	-	-	(2,293,550)	-
January 14, 2024	$ 0.50	1,043,001	-	-	(1,043,001)	-
February 7, 2026	$ 0.10	-	7,636,111	(550,000)	-	7,086,111
February 7, 2026	$ 0.10	-	1,050,000	-	-	1,050,000
March 21, 2026	$ 0.10	-	1,430,000	-	-	1,430,000
May 9, 2026	$ 0.10	-	700,000	-	-	700,000
October 12, 2024*	$ 0.10	1,550,000	-	-	-	1,550,000
Outstanding		4,886,551	10,816,111	(550,000)	(3,336,551)	11,816,111
Weighted average exercise price		$ 0.21	$ 0.10	$ 0.10	$ 0.26	$ 0.10

*The expiry date on these warrants was amended on September 18, 2024 from October 12, 2024 to October 12, 2027.

(Presented in Canadian Dollars)

8. SHARE CAPITAL AND CONTRIBUTED SURPLUS *(Continued)*

(d) Warrants *(Continued)*:

The weighted average assumptions used to estimate the fair value of finders' warrants for the year ended May 31, 2025 and 2024 were:

	Year ended May 31, 2025	Year ended May 31, 2024
Stock price	$0.07	$0.08
Exercise price	$0.08	$0.10
Risk-free interest rate	2.70%	4.14%
Expected life	2.00 years	2.00 years
Expected volatility	198.00%	171.53%

(e) Share Purchase Options Compensation Plan:

The Company maintains a share-based payment plan (the "Plan") whereby the Board of Directors may from time to time grant to directors, officers, employees and consultants, options to acquire common shares in such numbers, for such terms and at such exercise prices as may be determined by the Board, but the exercise price cannot be lower than the market price. The Plan provides that the maximum number of common shares in the capital of the Company which may be reserved for issuance under the Plan may not exceed 10% of the publicly traded shares issued and outstanding on the grant date of the options (on a non-diluted basis). Options granted are exercisable at the day of grant except for persons performing investor relations activities. Options granted to suppliers of investor relations services must at a minimum vest in stages over a period not less than 12 months with no more than one fourth of the options vesting in any three-month period. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

A summary of changes in the Company's common share purchase options for the year ended May 31, 2025 is as follows:

Expiry date	Exercise price	As at May 31, 2024	Issued	Expired/ Cancelled /Forfeited	As at May 31, 2025
May 10, 2025	$ 0.50	200,000	-	(200,000)	-
December 29, 2025	$ 0.10	1,190,000	-	-	1,190,000
May 10, 2027	$ 0.10	1,000,000	-	-	1,000,000
July 25, 2031	$ 0.40	450,000	-	-	450,000
August 10, 2031	$ 0.50	100,000	-	-	100,000
November 2, 2031	$ 0.50	100,000	-	-	100,000
November 2, 2031	$ 0.30	400,000	-	-	400,000
December 7, 2031	$ 0.50	100,000	-	-	100,000
February 22, 2032	$ 0.40	50,000	-	-	50,000
Outstanding		3,590,000	-	(200,000)	3,390,000
Options exercisable		3,590,000	-	(200,000)	3,390,000
Weighted average exercise price		$ 0.22	$ -	$ 0.50	$ 0.20

As at May 31, 2025, the weighted average remaining life is 3.01 years (2024 – 3.85 years)

(Presented in Canadian Dollars)

8. SHARE CAPITAL AND CONTRIBUTED SURPLUS *(Continued)*

(e) Share Purchase Options Compensation Plan *(Continued)*:

A summary of changes in the Company's common share purchase options for the year ended May 31, 2024 is as follows:

Expiry date		Exercise price	As at May 31, 2023	Issued	Expired/ Cancelled /Forfeited	As at May 31, 2024
May 10, 2025	$	0.50	200,000	-	-	200,000
December 29, 2025	$	0.10	-	1,190,000	-	1,190,000
May 10, 2027	$	0.10	-	1,000,000	-	1,000,000
July 25, 2031	$	0.40	450,000	-	-	450,000
August 10, 2031	$	0.50	100,000	-	-	100,000
November 2, 2031	$	0.50	100,000	-	-	100,000
November 2, 2031	$	0.30	400,000	-	-	400,000
December 7, 2031	$	0.50	100,000	-	-	100,000
February 22, 2032	$	0.40	50,000	-	-	50,000
Outstanding			1,400,000	2,190,000	-	3,590,000
Options exercisable			1,400,000	2,190,000	-	3,590,000
Weighted average exercise price			$ 0.41	$ 0.10	$ -	$ 0.22

The weighted average assumptions used to estimate the fair value of options granted during the year ended May 31, 2024 were:

	Year ended May 31, 2024
Exercise price	$0.10
Risk-free interest rate	4.01%
Expected life	2.46 years
Expected volatility	167.29%
Fair value of options	$0.13

All options during the year vested immediately.

9. RELATED PARTY TRANSACTIONS

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

(a) Transactions with key management personnel

For the year ended May 31,		2025		2024
Consulting and subcontractors	$	160,000	$	-
Management fees		160,000		160,000
Share-based compensation		-		40,360
	$	320,000	$	200,360

(Presented in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS *(Continued)*

At May 31, 2025, the Company had the following amounts owing to related parties:

i) accounts and loan payable of $202,593 (2024 - $35,784) owing to the CEO of the Company.

ii) accounts payable of $68,250 (2024 - $68,250) owing to a former director of the Company.

iii) accounts payable of $201,006 (2024 - $Nil) owing to a director of the Company.

iv) accounts payable of $5,645 (2024 - $Nil) owing to other directors of the Company.

At May 31, 2025 and 2024, the Company had amounts due from related parties of $2.

During the year ended May 31, 2024, the Company issued 4,387,862 shares to settle $138,498 of loans payable and $212,530 of accounts payable owing to the CEO of the Company.

(b) Industrial Lease

The lease is with a director and officer of the Company.

The Company paid a $5,000 security deposit and gross rent during the term is $81,000 per year until 2031, payable monthly commencing August 2024.

RUA/Lease Liability

The continuity of RUA is as follows:

May 31, 2023	$	507,101
Depreciation		(59,953)
May 31, 2024		447,148
Lease modification		(173,583)
Depreciation		(58,854)
May 31, 2025	$	214,711

The continuity of lease liabilities is as follows:

Lease liability, May 31, 2023	$	588,710
Interest expense		589
Lease liability, May 31, 2024		589,299
Lease modification		(173,583)
Interest expense		1,923
Accretion of payments		(6,750)
Lease liability, May 31, 2025	$	410,889
Current lease liability	$	77,597
Long term lease liability	$	333,292

The Company is responsible for utilities and services to the Greenhouse.

On May 15, 2025, the Company did not meet certain requirements pursuant to the industrial lease contract, which resulted in termination of the rent free period and initiated the accrual of monthly lease payments.

During the year ended May 31, 2025, the Company accrued interest expense of $1,923 (2024 - $589).

(Presented in Canadian Dollars)

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company has classified its financial instruments as follows:

The fair values of the Company's cash, receivables, due from related parties, accounts payable and accrued liabilities, loans payable, and lease liability approximate their carrying values because of the short-term nature of these instruments.

The Company has categorized its financial instruments that are carried at fair value, based on the priority of the inputs to the valuation techniques used to measure fair value, into a three-level fair value hierarchy as follows:

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

The Company has no financial instruments at FVTPL.

The Company's financial instruments are exposed to certain financial risks, including market risk, liquidity risk, credit risk and currency risk.

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, such as foreign exchange rates and interest rates. The objectives of the Company are to ensure cash inflows in the short and medium term, while reducing exposure to capital markets. The Company does not trade in financial assets for speculative purposes.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets. As at May 31, 2025, the Company had current liabilities of $1,777,364 (2024 - $1,087,236), the majority of which have contractual maturities of less than 30 days and are subject to normal trade terms. As at May 31, 2025, the Company has a working capital deficiency of $1,649,786 (2024 - $1,057,948). The ability of the Company to continue its activities relies upon the support of its suppliers and obtaining additional financing.

The following table summarizes the maturities of the Company's financial liabilities as at May 31, 2025 and 2024 based on undiscounted cash flows:

	Payment due period				
	<1 year	2-3 years	4-5 years	>5 years	Total
Accounts payable and accrued liabilities	$ 1,515,477	$ -	$ -	$ -	$ 1,515,477
Loans payable	64,290	-	-	-	64,290
Lease liability	77,597	162,000	162,000	9,292	410,889
Deposit	120,000	-	-	-	120,000
May 31, 2025	$ 1,777,334	$ 162,000	$ 162,000	$ 9,292	$ 2,110,656

	Payment due period				
	<1 year	2-3 years	4-5 years	>5 years	Total
Accounts payable and accrued liabilities	$ 973,335	$ -	$ -	$ -	$ 973,335
Loans payable	47,591	-	-	-	47,591
Lease liability	66,875	162,000	162,000	199,125	590,000
May 31, 2024	$ 1,087,801	$ 162,000	$ 162,000	$ 199,125	$ 1,610,926

Credit risk
Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. The Company is exposed to credit risk on cash which is held with a Canadian chartered bank and management considers this risk to be negligible.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(Continued)*

Currency risk
The Company is exposed to currency risk arising from exchange rate fluctuations against its reporting Canadian currency. Currency transaction risk is the impact of exchange rate fluctuations on the Company's statement of comprehensive loss, which is the effect of currency rates on expected future cash flows and investment and management considers this risk to be negligible.

11. MANAGEMENT OF CAPITAL RISK

The Company manages its cash and shareholders' equity (deficiency) as capital. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. This objective will be achieved by identifying the right agriculture projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means.

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 the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash. In order to maximize ongoing operating efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its activities or may slow its activities until conditions improve. The Company is not subject to external capital requirements. There were no changes in the Company's approach to capital management during the year ended May 31, 2025.

12. SEGMENTED FINANCIAL INFORMATION

The Company operates in one industry segment, the agriculture technology industry in North America.

13. COMMITMENTS AND CONTINGENCIES

The Company determines whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. The Company assesses its potential liability by analyzing its litigation and regulatory matters using available information. The Company develops its views on estimated losses in consultation with outside counsel handling its defense in these matters, which involves an analysis of potential results, assuming a combination of litigation and settlement strategies. Should developments in any of these matters cause a change in its determination as to an unfavorable outcome and result in the need to recognize a material accrual or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on its results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs.

<u>Regulatory matter</u>

On March 8, 2018, the Company completed a non-brokered private placement by issuing 24,997,916 units ("Unit") at a price of $0.16 per Unit for gross proceeds of $3,999,667, all of which was raised under the Consultant Exemption under National Instrument 45-106. A large portion of the funds was paid out in the form of consulting fees as the Company had entered into 14 three-month contracts for consulting services totalling $3,500,000 for accounting, corporate and administrative services, internet marketing, investor relations, merger and acquisition consulting and cannabis consulting. As at May 31, 2018, $175,000 in GST paid on the consulting fees was included in receivables. Of this amount, $47,500 was recovered from four consultants.

On November 26, 2018, the British Columbia Securities Commission (the "BCSC") issued a Temporary Order and Notice of Hearing (the "Order") to respondents, including the Company, pursuant to Section 161 of the Securities Act (the "Act") advising that a hearing would be held under section 161 (3) of the Act to determine whether to extend the temporary order under Section 161. The BCSC's concern is that the named issuers paid the majority of the private placement proceeds received, including those noted above, back when little or no consulting services had been or were intended to be performed and that this conduct is abusive to the capital markets. Considering the length of time to hold a hearing under section 161 (a) of the Act, the BCSC issued the following temporary orders under section 161 (1)(c): (i) that the exemption under section 2.24 of National Instrument 45-106 does not apply to the named issuers for a distribution to a consultant; and (ii) it does not apply to any issuer listed on the Canadian Securities Exchange for distribution to named respondents.

13. COMMITMENTS AND CONTINGENCIES *(Continued)*

During the year ended May 31, 2025, the BCSC issued its decision to dismissed allegations against the Company, the Company's CEO, the Company's former CFO and a former director on this application.

14. AGRICULTURE TECHNOLOGY AGREEMENTS

Definitive Agreement – Freshbay, Inc.

On June 16, 2023, the Company entered into an Agriculture Technology Agreement (the "Definitive Agreement") with Freshbay, Inc. ("Freshbay").

Pursuant to the terms and conditions of the Definitive Agreement, Freshbay engaged the Company to provide certain products and services for use at Freshbay's geothermal agricultural site located in Hinton, Alberta. As consideration for the products and services to be provided by the Company, Freshbay agreed to make an aggregate payment of $135,757,350 (the "Contract Price"). Prior to paying any portion of the Contract Price, it is a condition precedent that (a) Freshbay obtain adequate financing to pay the Contract Price, and (b) the parties agree to a work schedule for the project.

On May 10, 2024, the Company entered into an amending agreement whereby it granted Freshbay the option to exercise exclusive right and license to use and exploit certain patent, know-how associated therewith, and certain industrial designs held by the Company (collectively, the "Licensed IP") in accordance with the terms and conditions of the amendment as follows:

i) $21,000,000 ("Funding Installment") on such date that Freshbay receives any funding from an institutional investor in connection with the Project Solution (as defined in the Agricultural Technology Agreement). Notwithstanding the foregoing, full Funding Instalment is due and payable on a date that is six months upon the effective date of the amending agreement. During the year ended May 31, 2025, the payable date had passed and the exclusive rights lapsed due to non-payment.
ii) $12,500,000 on such date that is the earliest of (i) six months from the date of the first shipment of any strawberries produced in connection with the Licensed IP, or (ii) June 16, 2025.

In connection with the amending agreement, the Company has also entered into a finder's fee agreement with an arm's length finder pursuant to which the Company will pay a finder's fee of $8,250,000 in consideration for the services provided by the finder in facilitating discussions between the Company and Freshbay in connection with the transaction. The Finder's Fee shall become payable from the Company upon the Company receiving the Funding Instalment from Freshbay pursuant to the terms and conditions of the amendments.

In connection with the agreement, the Company received an unsecured loan of $35,000 from Freshbay. During the year ended May 31, 2025, the Company terminated the contract with Freshbay and repaid the loan in full (see note 7).

Definitive Agreement – FARMX Produce Inc.

On September 1, 2024 the Company entered into an Agriculture Technology Agreement with FARMX Produce Inc. ("FARMX"). Under the Agreement, the Company granted FARMX the right to use and exploit the Company's industrial designs for the cultivation of romaine lettuce and other leafy greens (the "Licensed IP") and certain know-how associated therewith, as follows:

i) 2 year exclusive right to use and exploit the Licensed IP in British Columbia ("Exclusive License").
ii) 20 year non-exclusive right to use and exploit the Licensed IP in Canada (excluding British Columbia) ("Non-exclusive License" and together with the Exclusive License, the "Licenses")

Pursuant to terms and conditions of the Agreement, the Licenses granted and FARMX's right to use the Licensed IP is subject to the following conditions:

(Presented in Canadian Dollars)

14. AGRICULTURE TECHNOLOGY AGREEMENTS *(Continued)*

i) FARMX is to exclusively source and purchase any equipment required to use the Licensed IP, including but not limited to vertical towers, greenhouses and any other equipment required to utilize the Licensed IP (the "Equipment"), from the Company (unless the Company, in its sole discretion waives the right to be the exclusive equipment provider for any Equipment).
ii) FARMX is to purchase the necessary Equipment from the Company required to use the Licensed IP for a minimum 60,000 square foot facility in British Columbia at a price to be determined.

Within 6 months of the September 1, 2024 of the Agreement, FARMX is to either (i) purchase Equipment for a minimum 60,000 square foot facility, or (ii) pay the Company a non-refundable deposit of $5,000,000 (the "Deposit") ($120,000 was received during the year ended May 31, 2025), which is to be applied towards FARMX's payment for its purchase of the Equipment. However, if FARMX has not made the purchase of Equipment as required and has not paid the Deposit, then the Company has the right to either allow FARMX another six months to make the required purchase of the Equipment or else to terminate the Exclusive License such that FARMX's rights shall convert to non-exclusive.

As of May 31, 2025, the Agreement remains in effect but on hold until future notice.

15. INCOME TAXES

The Company is subject to income taxes in Canada. The recovery of income taxes varies from the amount that would be computed from applying the combined federal and provincial income tax rate to loss before taxes as follows:

		2025		2024
		27.00%		27.00%
Loss before income taxes for the year	$	(1,654,959)	$	(1,029,121)
Income tax benefit computed at statutory rates		(446,839)		(277,863)
Write-off of intangible assets				8,157
Share issuance costs		(6,694)		(3,893)
Share based compensation		-		59,194
Other		-		(3,844)
Non-deductible		2,139		-
True up		(468,977)		-
Change in tax assets not recognized		920,371		218,249
Income tax recovery	$	-	$	-

The significant components of the Company's unrecognized deferred tax assets are as follows:

		2025		2024
Non-capital and net capital losses carried forward	$	6,475,563	$	6,466,704
Share issuance costs		5,355		5,756
Property and equipment and intangible assets		877,837		(34,075)
	$	7,358,755	$	6,438,385

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

		December 31, 2025	Expiry Date		December 31, 2024	Expiry Date
Exploration and evaluation assets	$	1,222,000	No expiry date	$	-	No expiry date
Property and equipment		1,833,000	No expiry date		(268,000)	No expiry date
Non-capital loss carried forward		23,856,000	2041-2045		23,802,420	2041-2044
Capital loss carried forward		255,000	No expiry date		297,000	No expiry date
Share issuance costs		20,000	2026-2029		21,000	2026-2029
Right-of-use assets		(215,000)	No expiry date		(447,000)	No expiry date
Lease liability		411,000	No expiry date		589,000	No expiry date
	$	27,382,000		$	27,382,000	

(Presented in Canadian Dollars)

15. INCOME TAXES *(Continued)*

The Company has non-capital losses of approximately $23,856,155 (2024 - $23,802,420) which are available to reduce taxes in future periods, for which no deferred income tax asset has been recognized in the statement of financial position, that expire in the following years:

2025	$	2,000
2026		189,000
2027		448,000
2028		345,000
2029		139,000
2030		39,000
2031		63,000
2032		87,000
2023		205,000
2034		5,036,000
2035		3,780,000
2036		977,000
2037		1,376,000
2038		4,794,000
2039		1,176,000
2040		1,219,000
2041		1,398,000
2042		1,102,120
2043		668,200
2044		761,100
2045		53,735
	$	23,856,155

16. SUBSEQUENT EVENTS

Subsequent to year ended May 31, 2025, the Company:

- settled $365,758 of debt by issuing 6,095,963 shares of the Company.

- completed the second tranche of a non-brokered a private placement of 600,003 units of the Company at a price of $0.055 per unit for gross proceeds of $33,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant is exercisable into one common share of the Company at $0.08 until June 19, 2027.

- Granted 300,000 options to a consultant of the Company. The options are exercisable at $0.05 per option expiring on July 3, 2030.

AFFINOR GROWERS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2025

INTRODUCTION

This is Management's Discussion and Analysis ("MD&A") for Affinor Growers Inc. ("Affinor" or the "Company") and has been prepared based on information known to management as of March 27, 2026. This MD&A is intended to help the reader understand the financial statements of Affinor.

The following information should be read in conjunction with the audited financial statements for the years ended May 31, 2025 and 2024 and the related notes thereto, prepared in accordance with IFRS Accounting Standards ("IFRS"). The MD&A provides a review of the performance of the Company for the year ended May 31, 2025. Additional information relating to the Company can be found on SEDAR+ www.sedarplus.ca.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management also ensures that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable.

The Company's board of directors follows recommended corporate-governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management regularly to review the financial statements, including the MD&A, and to discuss other financial, operating and internal-control matters.

All currency amounts are expressed in Canadian dollars unless otherwise noted.

FORWARD LOOKING STATEMENTS

Certain sections of this MD&A provide, or may appear to provide, a forward-looking orientation with respect to the Company's activities and its future financial results. Consequently, certain statements contained in this MD&A constitute express or implied forward-looking statements. Terms including, but not limited to, "anticipate", "estimate", "believe" and "expect" may identify forward-looking statements. Forward-looking statements, while they are based on the current knowledge and assumptions of the Company's management, are subject to risks and uncertainties that could cause or contribute to the actual results being materially different than those expressed or implied. Readers are cautioned not to place undue reliance on any forward-looking statement that may be in this MD&A.

The following forward-looking statements have been made in this MD&A:

- Impairment of intangible assets;
- The potential and uncertainties of the Company's sales; and
- Expectations regarding the ability to raise capital and to continue its development of the vertical farming technology.

ADDITIONAL INFORMATION

Financial statements, MD&A's and additional information relevant to the Company and the Company's activities can be found on SEDAR+ at www.sedarplus.ca, and/or on the Company's website at www.affinorgrowers.com.

SUMMARY AND OUTLOOK

It is the mission of Affinor to be the world-wide technology and market leader in acquiring and commercializing innovative vertical farming technologies that use the least possible resources (e.g. land, water, and energy resources) to produce high quality, sustainable products.

Affinor's patented technologies position the Company well in the vertical farming industry. It is one of the only vertically integrated growing system that can offer automated mechanical pollination for fruiting crops and true vertical solutions for the vertical farming industry. Revenue models for the Company include income from licensing fees, royalties on production, and margin on the sale of the Company's patented technology.

The Company's goal is to become the leading technology developer and distributor of vertical farming to help solve food security problems by using our proprietary growing systems. To that end, the Company filed patents in Australia, the EU, India, New Zealand, Saudi Arabia, South Africa and United Arab Emirates.

Background

The Company was incorporated under the Canadian Business Corporations Act on August 27, 1996. The Company is a diversified publicly traded company on the Canadian Securities Exchange under the symbol "AFI" and is also listed on the Frankfurt Stock Exchange under the symbol "1AF" as well as on the US OTCQB under the symbol "RSSFF".

Highlights Summary

The following is a brief description of the activities incurred by the Company during this current fiscal year and to date. Additional information can be obtained from the Company's website (www.affinorgrowers.com).

Definitive Agreement – Freshbay Inc.

On June 16, 2023, the Company entered into an Agriculture Technology Agreement (the "Definitive Agreement") with Freshbay, Inc. ("Freshbay").

Pursuant to the terms and conditions of the Definitive Agreement, Freshbay engaged the Company to provide certain products and services for use at Freshbay's geothermal agricultural site located in Hinton, Alberta. As consideration for the products and services to be provided by the Company, Freshbay agreed to make an aggregate payment of $135,757,350 (the "Contract Price"). Prior to paying any portion of the Contract Price, it is a condition precedent that (a) Freshbay obtain adequate financing to pay the Contract Price, and (b) the parties agree to a work schedule for the project.

On May 10, 2024, the Company entered into an amending agreement whereby it granted Freshbay the option to exercise exclusive right and license to use and exploit certain patent, know-how associated therewith, and certain industrial designs held by the Company (collectively, the "Licensed IP") in accordance with the terms and conditions of the amendment as follows:

$21,000,000 ("Funding Installment") on such date that Freshbay receives any funding from an institutional investor in connection with the Project Solution (as defined in the Agricultural Technology Agreement). Notwithstanding the foregoing, full Funding Instalment is due and payable on a date that is six months upon the effective date of the amending agreement. During the year ended May 31, 2025, the payable date had passed and the exclusive rights lapsed due to non-payment.

$12,500,000 on such date that is the earliest of (i) six months from the date of the first shipment of any strawberries produced in connection with the Licensed IP, or (ii) June 16, 2025.

In connection with the amending agreement, the Company has also entered into a finder's fee agreement with an arm's length finder pursuant to which the Company will pay a finder's fee of $8,250,000 in consideration for the services provided by the finder in facilitating discussions between the Company and Freshbay in connection with the transaction. The Finder's Fee shall become payable from the Company upon the Company receiving the Funding Instalment from Freshbay pursuant to the terms and conditions of the amendments.

In connection with the agreement the Company received an unsecured loan of $35,000 from Freshbay. During the year ended May 31, 2025, the Company terminated the contract with Freshbay and repaid the loan in full.

Definitive Agreement – FARMX Produce Inc.

On September 1, 2024 the Company entered into an Agriculture Technology Agreement with FARMX Produce Inc. ("FARMX"). Under the Agreement, the Company granted FARMX the right to use and exploit the Company's industrial designs for the cultivation of romaine lettuce and other leafy greens (the "Licensed IP") and certain know-how associated therewith, as follows:

i) 2 year exclusive right to use and exploit the Licensed IP in British Columbia ("Exclusive License").
ii) 20 year non-exclusive right to use and exploit the Licensed IP in Canada (excluding British Columbia) ("Non-exclusive License" and together with the Exclusive License, the "Licenses").

Pursuant to terms and conditions of the Agreement, the Licenses granted and FARMX's right to use the Licensed IP is subject to the following conditions:

i) FARMX is to exclusively source and purchase any equipment required to use the Licensed IP, including but not limited to vertical towers, greenhouses and any other equipment required to utilize the Licensed IP (the "Equipment"), from the Company (unless the Company, in its sole discretion waives the right to be the exclusive equipment provider for any Equipment).
ii) FARMX is to purchase the necessary Equipment from the Company required to use the Licensed IP for a minimum 60,000 square foot facility in British Columbia at a price to be determined.

Within 6 months of the September 1, 2024 of the Agreement, FARMX is to either (i) purchase Equipment for a minimum 60,000 square foot facility, or (ii) pay the Company a non-refundable deposit of $5,000,000 (the "Deposit") ($120,000 received), which is to be applied towards FARMX's payment for its purchase of the Equipment. However, if FARMX has not made the purchase of Equipment as required and has not paid the Deposit, then the Company has the right to either allow FARMX another six months to make the required purchase of the Equipment or else to terminate the Exclusive License. such that FARMX's rights shall convert to non-exclusive.

As of the date of this report, the Agreement remains in effect but on hold until future notice.

Risks and Uncertainties

The Company is subject to a number of risks and uncertainty associated with the successful development of its vertical growing technology to help grow crop products, such as romaine lettuce and strawberries, and with the financing requirements of its operations. The attainment of profitable operations is dependent upon future events, including the successful completion of technology crop feasibility studies, energy saving strategies and crop modeling. Commercialization of its products and technology is dependent on obtaining adequate financing to complete its commercialization plans.

The Company's success depends on a number of factors, many of which are beyond its control. The primary risk factors affecting the Company include inherent risks in the agricultural industry, produce price fluctuations and currencies.

Inherent risks within the agricultural industry

The commercial viability of an agricultural facility depends on many factors, not all of which are within the control of management. Some of the factors that will affect the financial viability of a given product include global demand and global supply. Other factors such as government subsidies, regulation and taxes could also have an impact on the economic viability of an agricultural facility.

Prices for product

Product prices are subject to price fluctuations and have a direct impact on the commercial viability of the Company's vertical growing technology. Price volatility results from a variety of factors, including global consumption and demand, international economic and political trends, fluctuations in the US dollar and other currencies, interest rates, and inflation. The Company has not hedged any of its potential future sales.

Foreign currency risks

The Company uses the Canadian dollar as its measurement and reporting currency, and therefore fluctuations in exchange rates between the Canadian dollar and other currencies may affect the results of operations and financial position of the Company. The Company does not currently have any foreign currency or commercial risk hedges in place.

The Company raises the majority of its equity financings in Canadian dollars while some of its operations are conducted in US dollars. Fluctuations in the exchange rates between the Canadian dollar and US dollar may impact the Company's financial condition.

Impairment of Intangible assets

The Company completed an impairment analysis as at May 31, 2025 and concluded that there was impairment of $736,392 of the Company's intangible assets.

Selected Annual Information

	Year ended May 31, 2025	Year ended May 31, 2024	Year ended May 31, 2023
Total revenues	$ -	$ -	$ -
Loss on disposal of intangible assets	-	(30,780)	(3,333)
Loss for the year	(1,654,959)	(1,029,121)	(635,300)
Loss per share	(0.04)	(0.04)	(0.03)
Total assets	903,396	1,899,372	2,145,114
Total long-term financial liabilities	333,292	522,989	588,710
Cash dividends declared – per share	N/A	N/A	N/A

Summary of Quarterly Results

The following is a summary of the Company's financial results for the last eight quarters:

	Three Months Ended			
	May 31, 2025	February 28, 2025	November 30, 2024	August 31, 2024
Total revenues	$ -	$ -	$ -	$ -
Net loss	(1,013,447)	(200,330)	(276,249)	(164,933)
Loss per share	(0.01)	(0.01)	(0.01)	(0.00)

	Three Months Ended			
	May 31, 2024	February 29, 2024	November 30, 2023	August 31, 2023
Total revenues	$ -	$ -	$ -	$ -
Net loss	(300,963)	(269,291)	(283,429)	(175,438)
Loss per share	(0.01)	(0.01)	(0.01)	(0.01)

Review of Operations and Financial Results

For the year ended May 31, 2025 and year ended May 31, 2024

During the year ended May 31, 2025, the Company reported a loss of $1,654,959 ($0.04 loss per share) (2024 – $1,029,121) ($0.04 loss per share).

In general, the Company continues to focus on cost containment to ensure that all available resources are dedicated to becoming a company that produces high quality and quantity of food.

The main items of change for the year ended May 31, 2025, compared with May 31, 2024 were:

- Consulting and subcontractors were $225,313 (2024 - $22,685). The increase was a result of increased activities to prepare greenhouse for production during the current year.
- Impairment of equipment was $75,452 (2024 - $Nil). The impairment was a result of certain equipment that will be obsolete and will be disposed of in the foreseeable future.
- Impairment of intangible was $736,392 (2024 - $ Nil). The impairment was due to the uncertainty about the success and future economic benefits of the intangible assets.
- Other operating expenses were $59,548 (2024 - $43,756). The increase was a result of the Company's increased activities during the current year.
- Professional fees were $129,163 (2024 - $254,408). The decrease was a result of lower legal services being rendered in the current year.
- Registration and information to shareholders were $39,535 (2024 - $65,195). The decrease was a result of a reduction in corporate activities in the current year.
- Share based compensations were $Nil (2024 - $219,237). The decrease was a result of no options granted in the current year.

For the three months ended May 31, 2025 and three months ended May 31, 2024

During the three months ended May 31, 2025, the Company reported a loss of $1,013,447 ($0.01 loss per share) (2024 – $300,963) ($0.01 loss per share).

In general, the Company continues to focus on cost containment to ensure that all available resources are dedicated to becoming a company that produces high quality and quantity of food.

The main items of change for the three months ended May 31, 2025, compared with May 31, 2024 were:

- Consulting and subcontractors were $191,993 (2024 - $21,245). The increase was a result of increased activities to prepare greenhouse for production during the current period.
- Impairment of equipment was $75,452 (2024 - $Nil). The impairment was a result of certain equipment that will be obsolete and will be disposed of in the foreseeable future.
- Impairment of intangible was $683,339 (2024 - $Nil). The impairment was due to the uncertainty about the success and future economic benefits of the intangible assets.
- Other operating expenses were $15,929 (2024 - $16,214). The increase was a result of the Company increased greenhouse operations during the current period.
- Share based compensations were $Nil (2024 - $159,202). The decrease was a result of no options granted in the current period.

Liquidity and Capital Resources

The Company continued to utilize its cash resources to fund its administrative requirements and product development.

In order to fund the Company's ongoing operational needs and expansion plans, the Company will need funding through equity or debt financing, joint venture arrangements or a combination thereof. The Company's operations to date have been financed by the issuance of its common shares, share options and warrants, debt instruments and government assistance. The Company continues to seek capital through various means including the issuance of equity and debt. While the Company has been successful in raising funds in the past, there is no assurance that it will continue to do so in the future or that it will be available on a timely basis or on terms acceptable to the Company.

The Company's business plan is dependent on raising additional funds to finance its commercial trial and development and its operations within and beyond the next 12 months. While the Company has managed to fund its operations in the past through equity financing, raising additional funds is dependent on a number of factors outside the Company's control, and as such there is no guarantee that it will be able to obtain additional financing in the future. If the Company is unable to obtain sufficient additional financing, it may have to delay, scale back or eliminate its development plans for its present or future facilities and curtail operations, which could harm the business, financial condition and results of operations. This could occur in the near term. Until such financing is secured and profitable operations are reached, there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company had working capital deficiency of $1,649,786 as at May 31, 2025 (2024 - $1,038,073).

As at May 31, 2025, the Company had cash of $7,570 (2024 - $2,906).

Cash flows used in operating activities was $61,757 (2024 - $423,389) as at May 31, 2025, primarily because of change in non-working during the current year.

Cash flows provided by investing activities was $89,551 (2024 - $Nil) as at May 31, 2025, primarily because of the deposits received for the equipment purchase during the current year.

Cash flows provided by financing activities was $155,972 (2024 - $424,123) as at May 31, 2025 was primarily due to proceeds from private placement and loans received during the current year.

Transactions with Related Parties

Related party transactions were recorded at the exchange value, which is the consideration determined and agreed to by the related parties.

The Company's related parties include directors, key management and companies controlled by directors and key management, as described below.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

For the year ended May 31,		2025		2024
Consulting and subcontractors	$	160,000	$	-
Management fees		160,000		160,000
Share-based compensation		-		40,360
	$	320,000	$	200,360

At May 31, 2025, the Company had the following amounts owing to related parties:

i) accounts and loan payable of $202,593 (2024 - $35,784) owing to the CEO of the Company.

ii) accounts payable of $68,250 (2024 - $68,250) owing to a former director of the Company.

iii) accounts payable of $201,006 (2024 - $Nil) owing to a director of the Company.

iv) accounts payable of $5,645 (2024 - $Nil) owing to other directors of the Company.

During the year ended May 31, 2024, the Company issued 4,387,862 shares to settle $138,498 loan payable and $212,530 accounts payable owing to the CEO of the Company.

		Transactions for the year ended		Balance due	
	Services	May 31, 2025	May 31, 2024	As at May 31, 2025	As at May 31, 2024
Softail Enterprises Inc.	Consulting	$ -	$ -	$ 68,250	$ 68,250
Nick Brusatore, Chief Executive Officer	Management fees and share-based compensation	$ 160,000	$ 170,090	$ 202,593	$ 35,784
Ben Hogervorst, Director	Consulting and share-based compensation	$ 160,000	$ 10,090	$ 201,006	$ -
Alan Boyco, Director	Consulting and share-based compensation	$ -	$ 10,090	$ 3,105	$ -
Rick Easthom, Director	Consulting and share-based compensation	$ -	$ 10,090	$ 2,540	$ -

Industrial Lease

The lease is with a director and officer of the Company.

The Company paid a $5,000 security deposit and gross rent during the term is $81,000 per year until 2031, payable monthly commencing August 2024.

RUA/Lease Liability

The continuity of RUA is as follows:

May 31, 2023	$	507,101
Depreciation		(59,953)
May 31, 2024		447,148
Lease modification		(173,583)
Depreciation		(59,953)
May 31, 2025	$	214,711

The continuity of lease liabilities is as follows:

Lease liability, May 31, 2023	$	588,710
Interest expense		589
Lease liability, May 31, 2024		589,299
Lease modification		(173,583)
Interest expense		1,923
Accretion of payments		6,750
Lease liability, May 31, 2025	$	410,889
Current lease liability	$	77,597
Long term lease liability	$	333,292

The Company is responsible for utilities and services to the Greenhouse.

On May 15, 2025, the Company did not meet certain requirements pursuant to the industrial lease contract, which resulted in termination of the rent free period and initiate the accrual of monthly lease payments.

During the year ended May 31, 2025, the Company accrued interest expense of $1,923 (2024 - $589).

Financial Instruments

The fair values of the Company's cash, receivables, due from related party (excluding GST), and accounts payables and accrued liabilities approximate their carrying values because of the short-term nature of these instruments.

The Company's financial instruments are exposed to certain financial risks, including market risk, liquidity risk, credit risk and currency risk.

(i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, such as foreign exchange rates and interest rates. The objectives of the Company are to ensure cash inflows in the short and medium term, while reducing exposure to capital markets. The Company does not trade in financial assets for speculative purposes.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets. As at May 31, 2025, the Company had current liabilities of $1,777,364 (2024 - $1,087,236), the majority of which have contractual maturities of less than 30 days and are subject to normal trade terms. As at May 31, 2025, the Company has a working capital deficiency of $1,649,786 (2024 - $1,038,073). The ability of the Company to continue its activities relies upon the support of its suppliers and obtaining additional financing.

The following table summarizes the maturities of the Company's financial liabilities as at May 31, 2025 and 2024 based on undiscounted cash flows:

	Payment due period				
	<1 year	2-3 years	4-5 years	>5 years	Total
Accounts payable and accrued liabilities	$ 1,515,447	$ -	$ -	$ -	$ 1,515,477
Loan payable	64,290	-	-	-	64,290
Lease liabilities	77,597	162,000	162,000	9,292	410,889
Deposit	120,000		-	-	120,000
May 31, 2025	$ 1,777,334	$ 162,000	$ 162,000	$ 9,292	$ 2,110,656

	Payment due period				
	<1 year	2-3 years	4-5 years	>5 years	Total
Accounts payable and accrued liabilities	$ 973,335	$ -	$ -	$ -	$ 973,335
Loans payable	47,591	-	-	-	47,591
Lease liabilities	66,875	162,000	162,000	199,125	590,000
May 31, 2024	$ 1,087,801	$ 162,000	$ 162,000	$ 199,125	$ 1,610,926

(iii) Credit risk

Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. The Company is exposed to credit risk on cash which is held with a Canadian chartered bank and management considers this risk to be negligible.

(iv) Currency risk

The Company is exposed to currency risk arising from exchange rate fluctuations against its reporting Canadian currency. Currency transaction risk is the impact of exchange rate fluctuations on the Company's statement of comprehensive loss, which is the effect of currency rates on expected future cash flows and investment and management considers this risk to be negligible.

Commitments And Contingencies

The Company determines whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. The Company assesses its potential liability by analyzing its litigation and regulatory matters using available information. The Company develops its views on estimated losses in consultation with outside counsel handling its defense in these matters, which involves an analysis of potential results, assuming a combination of litigation and settlement strategies. Should developments in any of these matters cause a change in its determination as to an unfavorable outcome and result in the need to recognize a material accrual or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on its results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs.

Regulatory matter

On March 8, 2018, the Company completed a non-brokered private placement by issuing 24,997,916 units ("Unit") at a price of $0.16 per Unit for gross proceeds of $3,999,667, all of which was raised under the Consultant Exemption under National Instrument 45-106. A large portion of the funds was paid out in the form of consulting fees as the Company had entered into 14 three-month contracts for consulting services totalling $3,500,000 for accounting, corporate and administrative services, internet marketing, investor relations, merger and acquisition consulting and cannabis consulting. As at May 31, 2018, $175,000 in GST paid on the consulting fees was included in receivables. Of this amount, $47,500 was recovered from four consultants.

On November 26, 2018, the British Columbia Securities Commission (the "BCSC") issued a Temporary Order and Notice of Hearing (the "Order") to respondents, including the Company, pursuant to Section 161 of the Securities Act (the "Act") advising that a hearing would be held under section 161 (3) of the Act to determine whether to extend the temporary order under Section 161. The BCSC's concern is that the named issuers paid the majority of the private placement proceeds received, including those noted above, back when little or no consulting services had been or were intended to be performed and that this conduct is abusive to the capital markets. Considering the length of time to hold a hearing under section 161 (a) of the Act, the BCSC issued the following temporary orders under section 161 (1)(c): (i) that the exemption under section 2.24 of National Instrument 45-106 does not apply to the named issuers for a distribution to a consultant; and (ii) it does not apply to any issuer listed on the Canadian Securities Exchange for distribution to named respondents.

On June 25, 2024, the BCSC issued its decision to dismiss allegations against the Company, the Company's CEO, the Company's former CFO and a former director on this application.

Management of Capital Risk

The Company manages its cash and cash equivalents and shareholders' equity as capital (in the comparative year the Company managed shareholders' equity as capital). The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. This objective will be achieved by identifying the right agriculture projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means.

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 the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash and cash equivalents held.

In order to maximize ongoing operating efforts, the Company does not pay out dividends.

When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its activities or may slow its activities until conditions improve. The Company is not subject to external capital requirements. There were no changes in the Company's approach to capital management during the year.

Proposed Transactions

As of the Date of this MD&A, the Company does not have any ongoing proposed transactions

Off-balance sheet arrangements

As of the date of this MD&A, the company does not have any off-balance sheet arrangements.

Significant Accounting Policies, Estimates and Critical Judgements

Please refer to the financial statements for the year ended May 31, 2025.

Disclosure of Outstanding Share Data

As of the date of this MD&A, the Company's share structure is as follows:

Common shares

The Company had 47,310,458 common shares outstanding at March 27, 2026.

Stock options

The Company had the following stock options outstanding at March 27, 2026.

Expiry date		Exercise price	Options Outstanding
May 10, 2027	$	0.10	1,000,000
July 3, 2030	$	0.05	300,000
July 25, 2031	$	0.40	450,000
August 10, 2031	$	0.50	100,000
November 2, 2031	$	0.50	100,000
November 2, 2031	$	0.30	400,000
December 7, 2031	$	0.50	100,000
February 22, 2032	$	0.40	50,000
			2,500,000

Warrants:

The Company had the following warrants outstanding at March 27, 2026.

Expiry date		Exercise price	Warrants Outstanding
March 21, 2026	$	0.10	1,430,000
May 9, 2026	$	0.10	700,000
October 10, 2026	$	0.05	2,580,000
May 21, 2027	$	0.08	770,000
June 19, 2027	$	0.08	600,003
October 12, 2027	$	0.10	1,550,000
			7,630,003

Information on the Board of Directors and Management

Directors:
Nick Brusatore
Alan Boyco
Rick Easthom
Ben Hogervorst

Audit Committee members:
Alan Boyco
Nick Brusatore
Rick Easthom

Management:
Nick Brusatore, Chief Executive Officer and Chief Financial Officer