Kadestone Capital Corp.

Consolidated Financial Statements
For the years ended December 31, 2023 and 2022

(expressed in Canadian dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Kadestone Capital Corp.

Opinion

We have audited the consolidated financial statements of Kadestone Capital Corp. (the "Entity"), which comprise:

- the consolidated statements of financial position as at December 31, 2023 and December 31, 2022
- the consolidated statements of loss and comprehensive loss for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with 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 Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Evaluation of going concern

Description of the matter

We draw attention to Note 2(c) to the financial statements. The Entity believes that it has sufficient available liquidity to meet its minimum obligations as they come due for a period of at least 12 months from December 31, 2023. Further, the Entity has assessed that there are no material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern. In making this significant judgment, the Entity has prepared a 12 month cash flow forecast with the most significant assumptions being the ability of one of its investments in associates to sell its remaining land inventory and distribute proceeds to the Entity and the Entity's ability to extend its promissory note to a future date beyond 12 months from December 31, 2023.

Why the matter is a key audit matter

We identified the evaluation of going concern as a key audit matter. This evaluation required significant auditor judgment in assessing the Entity's cash flow forecast due to the degree of uncertainty in the most significant assumptions.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We evaluated the Entity's forecast of future cash flows from the estimated receipt of proceeds from the associate based on the sale of the remaining land inventory by comparing the forecasted selling price of the remaining land inventory to the executed third-party sale agreement.

We inspected the amended and restated promissory note agreement and observed that the maturity date has been extended to May 1, 2028.

We assessed the disclosures related to the Entity's significant judgment about whether there are material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

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

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

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the 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 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 Entity'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 Entity'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 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditor's report is Ivan Wong.

Vancouver, Canada
April 26, 2024

Kadestone Capital Corp.
Consolidated Statements of Financial Position
(expressed in Canadian dollars)

	Notes	December 31, 2023	December 31, 2022
Assets			
Current			
Cash and cash equivalents	4	$ 4,331,129	$ 8,886,147
Term deposits	5	-	1,017,103
Accounts receivable and other		283,068	26,812
Prepaid expenses and deposits		19,134	30,881
		4,633,331	9,960,943
Non-current assets			
Investments in associates	7	22,866,125	17,643,402
Total assets		**$ 27,499,456**	**$ 27,604,345**
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		$ 1,092,538	$ 964,665
Current portion of loans payable	8	10,840,864	-
Current portion of convertible note	9	5,292,988	-
		17,226,390	964,665
Non-current liabilities			
Loans payable	8	-	10,628,454
Convertible note	9	-	4,793,632
Total liabilities		17,226,390	16,386,751
Shareholders' equity			
Share capital	10a	18,304,750	18,304,750
Contributed surplus	10b	3,752,019	2,992,399
Equity component of convertible note	9	395,918	395,918
Accumulated deficit		(12,179,621)	(10,475,473)
		10,273,066	11,217,594
Total liabilities and shareholders' equity		**$ 27,499,456**	**$ 27,604,345**

Business of the Company (Note 1)
Subsequent Event (Note 15)

Approved on behalf of the Board of Directors

"Brent Billey" Director "Norm Mayr" Director

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

Kadestone Capital Corp.

Consolidated Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars)

	Notes	Year ended December 31, 2023	Year ended December 31, 2022
Revenue			
Net operating loss from investment properties	6	$ -	$ (125,932)
		-	(125,932)
Operating expenses			
Salaries and wages	13b	1,228,666	1,520,686
Share-based compensation	10b, 13b	759,620	1,368,400
Professional fees		717,727	801,910
Directors' fees	13b	205,291	199,135
Consulting fees		165,150	69,000
Marketing		102,241	75,668
Insurance		41,890	48,715
Dues and subscriptions		38,320	43,183
Office supplies		15,200	4,538
Rent		11,000	-
Computer		5,440	3,939
Bank charges		2,237	2,239
		3,292,782	4,137,413
Operating loss		(3,292,782)	(4,263,345)
Other income and expenses			
Fair value adjustments on investment properties		-	490,449
Interest expense		(1,019,157)	(1,086,011)
Interest revenue		301,068	198,050
Income from associates	7	2,306,723	100,696
Foreign exchange gain		-	2,213
Loss and comprehensive loss		**$ (1,704,148)**	**$ (4,557,948)**
Basic and diluted loss per share	11	$ (0.04)	$ (0.10)

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

Kadestone Capital Corp.

Consolidated Statements of Changes in Shareholders' Equity

(expressed in Canadian dollars)

	Notes	Number of common shares	Common shares	Contributed surplus	Equity component of convertible note	Accumulated deficit	Total
December 31, 2021		46,523,362	$ 17,811,892	$ 1,792,949	$ 395,918	$ (5,917,525)	$ 14,083,234
Issuance of common shares from exercise of stock options		404,885	492,858	(168,950)	-	-	323,908
Share-based compensation	10b	-	-	1,368,400	-	-	1,368,400
Loss and comprehensive loss for the year		-	-	-	-	(4,557,948)	(4,557,948)
December 31, 2022		**46,928,247**	**$ 18,304,750**	**$ 2,992,399**	**$ 395,918**	**$ (10,475,473)**	**$ 11,217,594**
Share-based compensation	10b	-	-	759,620	-	-	759,620
Loss and comprehensive loss for the year		-	-	-	-	(1,704,148)	(1,704,148)
December 31, 2023		**46,928,247**	**$ 18,304,750**	**$ 3,752,019**	**$ 395,918**	**$ (12,179,621)**	**$ 10,273,066**

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

Kadestone Capital Corp.
Consolidated Statements of Cash Flows
(expressed in Canadian dollars)

	Year ended December 31, 2023	Year ended December 31, 2022
Operating activities		
Loss and comprehensive loss for the year	$ (1,704,148)	$ (4,557,948)
Adjustments for items not affecting cash:		
Share-based compensation	759,620	1,368,400
Interest expense	1,019,157	1,086,011
Interest revenue	(301,068)	(198,050)
Fair value adjustment on investment properties	-	(490,449)
Income from associates	(2,306,723)	(100,696)
	(2,533,162)	(2,892,732)
Interest paid	(43,666)	(447,059)
Interest received	304,763	186,445
Changes in non-cash working capital:		
Accounts receivable and other	(242,848)	191,203
Prepaid expenses and deposits	11,747	10,203
Accounts payable and accrued liabilities	127,873	603,050
Net cash used in operating activities	(2,375,293)	(2,348,890)
Investing activities		
Advances to associates	(6,356,000)	(2,048,000)
Return of capital from associate	3,440,000	-
Advance of loan receivable	-	(500,000)
Repayment of loan receivable	-	500,000
Sale of investment properties, net of transaction costs	-	1,848,117
Proceeds from term deposits	1,000,000	-
Net cash used in investing activities	(1,916,000)	(199,883)
Financing activities		
Cash from exercise of stock options	-	323,908
Cash from loans payable	-	10,000,000
Repayment of loans payable	(263,725)	(3,906,275)
Net cash (used in) provided by financing activities	(263,725)	6,417,633
Change in cash and cash equivalents	(4,555,018)	3,868,860
Cash and cash equivalents, beginning of year	8,886,147	5,017,287
Cash and cash equivalents, end of year	$ 4,331,129	$ 8,886,147
Cash, end of year	1,203,263	7,872,924
Cash equivalents, end of year	3,127,866	1,013,223
	$ 4,331,129	$ 8,886,147

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

1. BUSINESS OF THE COMPANY

Kadestone Capital Corp. (the "Company") was incorporated under the British Columbia Business Corporations Act on July 2, 2019. On October 29, 2020, the Company completed its initial public offering and commenced trading on the TSX Venture Exchange (the "TSXV"). Its principal business activity is the acquisition, development and management of residential and commercial income producing properties within major urban centres and high-growth, emerging markets in Canada, with an initial focus on the Metro Vancouver market. Its registered and records office is 595 Melville Street Suite 3500, Vancouver, BC Canada, V6E 4E5.

These consolidated financial statements were authorized for issuance on behalf of the Board of Directors of the Company on April 26, 2024.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

a. Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with IFRS Accounting Standards.

b. Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis.

The Company and its subsidiaries' functional currency is the Canadian dollar which is also the Company's presentation currency.

c. Significant accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets, liabilities, and expenses, as well as the Company's ability to continue as a going concern. The estimates and assumptions made are continually evaluated and have been based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Such estimates and assumptions are inherently uncertain. Actual results could differ materially from these estimates and assumptions. Revisions to estimates are recognized in the period in which the estimate is revised and may impact future periods.

In the process of applying the Company's accounting policies, management has made the following critical judgments and estimates.

Judgments:

Consolidation of investees

Judgment is applied in assessing whether the Company exercises control or significant influence over investees, in which the Company directly or indirectly is a participant or owns an interest. Control is defined as the power to govern the financial and operating decisions of an entity so as to obtain benefits from its activities, and significant influence is defined as the power to participate in the financial and operating decisions of the entity. Where the Company is determined to have control, these entities are consolidated.

Identification of compound financial liabilities

The Company applied judgment when determining the separate components of the convertible note and measuring the equity component of the convertible note.

Going concern

Judgment is applied in connection with these consolidated financial statements and the assessment of conditions relating to the Company's ability to continue as a going concern. This judgment includes estimated future cash flows including the timing of receipts of cash from investments in associates and payments of debt.

The Company believes that it has sufficient available liquidity to meet its minimum obligations as they come due for a period of at least 12 months from December 31, 2023. Further, the Company has assessed that there are no material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. In making this significant judgment, the Company has prepared a cash flow forecast with the most significant assumption in the preparation of such forecast being the ability of one of its investments in associates to sell its remaining land inventory and distribute proceeds to the Company and the Company's ability to extend its promissory note to a future date beyond 12 months from December 31, 2023.

Estimates:

Evaluation of grant date fair value of share-based awards

The Company measures share-based award transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for granted share-based awards requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate requires determining the appropriate inputs to the valuation model, with the significant assumption being the expected stock price volatility. Expected stock price volatility was derived from a sample of similar publicly traded companies. The assumptions and models used for estimating the grant date fair value of share-based awards are disclosed in Note 10b.

Fair value of investment properties

After initial recognition, valuations of investment properties are prepared by management based primarily on assumptions relating to stabilized net operating income from current leases, non-recoverable capital expenditures and capitalization rates. These assumptions are compared against information obtained from independent industry experts. Adjustments are made to the carrying values of the investment properties when changes in the underlying valuation assumptions occur.

Income taxes

Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. The Company recognizes a tax benefit from an uncertain tax position when it is probable that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, on the basis of the technical merits.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The following accounting policies have been uniformly applied to each of the Company's subsidiaries, associates and to all periods presented in these consolidated financial statements. Effective January 1, 2023, the Company adopted amendments to IAS 1 *Presentation of Financial Statements*, which require the disclosure of 'material' rather than 'significant' accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in this note in certain instances.

a. Basis of consolidation

Subsidiaries

These consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Company and the results of all controlled entities. Controlled entities are those entities over which the Company has i) the power over the investee, ii) exposure, or rights, to variable returns from its involvement with the investee, and iii) the ability to use its power over the investee to affect the amount of the investors' returns. These criteria are met by having a shareholding of more that one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. In addition, for consolidation purposes, factors may exist where an entity may consolidate without having more than 50% of the voting power through ownership or agreements, or in the circumstances of enhanced minority rights, as a consequence of de facto control. De facto control is control without the legal right to exercise unilateral control and involves decision-making abilities that are not shared with others and the ability to give direction with respect to the operating and financial polices of the entity concerned. Where control of an entity is acquired during a financial year, results are included in the consolidated statements of loss and comprehensive loss from the date on which control commences.

The Company’s wholly owned subsidiaries are Kadestone (Kyle Road) Property Ltd., Kadestone Building Materials Ltd., Kadestone Property (Lickman Road) Ltd. and Kadestone Properties Squamish Ltd.

All intercompany balances, transactions and unrealized profits resulting from inter-company transactions have been eliminated.

Accounting for Investments in Associates

Associates are entities for which the Company has significant influence over the financial and operating policies of the entities and that are neither subsidiaries nor interests in joint ventures.

Investments in associates are accounted for using the equity method and initially recorded at cost and adjusted thereafter to recognize the Company’s share of profit or loss and other comprehensive income or loss of the associate. The Company’s share of the associate’s profit or loss and other comprehensive income or loss is recognized in the Company’s consolidated statements of loss and comprehensive loss.

Associates are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

b. Investment properties

Investment properties are held to earn rental income, for capital appreciation, or for both. Investment properties also include properties being constructed or developed for future use as investment property, including existing investment properties which undergo redevelopment for continued future use.

An investment property is initially measured at cost, which includes the cost of the acquisition, property transfer taxes, due diligence costs, and standard closing costs.

After initial recognition, investment properties are carried at fair value. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, in the principal or, in its absence, the most advantageous market to which the Company has access at that date. Management relies on external valuations performed by independent real estate valuation firms prepared on a regular basis. Updates to these valuations are prepared by management based primarily on assumptions relating to cash flow from current leases, rental income from future leases in light of current market conditions, and capitalization rates. These assumptions are compared against information obtained from independent industry experts. Adjustments are made to the fair values of the investment properties when changes in the underlying valuation assumptions occur. Changes in fair values are recognized in the consolidated statement of loss and comprehensive loss.

Subsequent expenditures are capitalized to the asset's carrying amount only when it is probable that the Company will receive future economic benefits associated with the expenditures and the fair value of the investment property exceeds its carrying amount plus subsequent expenditures. All other repair and maintenance costs are expensed when incurred.

For investment properties being constructed, developed or redeveloped for future use as investment property, all direct expenditures incurred in connection with the construction or development are capitalized during the development period. This period begins from the date that activities commence to prepare the property for its intended use and ends when such activities are substantially complete.

Depreciation is not taken on investment properties.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Investment properties are classified as held for sale when the criteria in IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, are met. The resulting sale is recognized when title passes to the purchaser, all or substantially all of the proceeds have been received or are receivable, and all material conditions of the sales agreement have been met.

c. Property inventory

Property inventory comprises property intended for sale in the ordinary course of business or in the process of construction or development for such sale. Property inventory is measured at the lower of cost and net realizable value. The cost of property inventory comprises all costs of purchase, costs of conversion and other costs incurred in bringing the property inventory to its present location and condition.

Property inventory is written down to net realizable value when the cost of property inventory is determined not to be recoverable. Write-downs are reversed when circumstances that previously caused property inventory to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances.

d. Borrowing costs

Borrowing costs directly attributable to acquiring or constructing a qualifying investment property are capitalized. Capitalization commences when the activities necessary to prepare an asset for development or redevelopment begin, and ceases once the asset is substantially complete, or is suspended if the development of the asset is suspended. The amount of borrowing costs capitalized is determined first by reference to borrowings specific to the project, where relevant, and otherwise by applying a weighted average cost of borrowings to eligible expenditures after adjusting for borrowings associated with other specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross costs incurred on those borrowings. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted.

e. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash held at banks, demand deposits, term deposits and GICs maturing or cashable within ninety days from the date of acquisition.

f. Revenue recognition

Rental revenue from operating leases is recognized on a straight-line basis over the applicable lease term. The cost of tenant incentives is recognized over the term of the applicable lease as a reduction in rental revenue.

Rental revenue includes the recovery of certain operating expenses and property taxes.

g. Income taxes

Income taxes on the profit or loss for the years presented comprises current and deferred tax.

Current tax

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

Deferred tax

Deferred tax is recorded using the asset and 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 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 at the end of the financial reporting period.

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 utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

The carrying amount of the deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

h. Earnings (loss) per share

Basic income (loss) per share is calculated by dividing the net income or loss for the year attributable to shareholders of the Company by the weighted average number of voting common shares outstanding during the year.

Diluted income (loss) per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. Diluted income (loss) per share does not adjust the income (loss) attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

i. Share-based compensation

The Company initially measures new issuances of share-based awards at their grant date fair value for all share-based awards made to employees, directors and agents. The grant date fair value of share-based awards granted to employees is recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The grant date fair value is determined using the Black-Scholes model for share-based awards. The market value of the Company's shares on the date of the grant is used to determine the fair value of share units issued. Each tranche of an award is considered a separate award with its own vesting period and grant date fair value. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting (i.e. performance) conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified and if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

j. Deferred financing costs

Costs directly identifiable with the raising of capital will be charged against the related share capital. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

k. Convertible notes

Convertible notes are compound financial instruments which are accounted for separately dependent on the nature of their components: a financial liability and an equity instrument. The identification of such components embedded within a convertible debenture requires significant judgment given that it is based on the interpretation of the substance of the contractual arrangement. Where the conversion option has a fixed conversion rate, the financial liability, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance.

l. Financial instruments

Classification and Measurement of Financial Instruments

At initial recognition, the Company measures a financial instrument at its fair value. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as Fair value through profit (loss) in which case transaction costs are expensed as incurred. Subsequent measurement of financial assets depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories in which the Company classifies its financial instruments:

- Amortized cost: Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Finance income from these financial instruments is recorded in net income (loss) using the effective interest rate method.

- Fair value through other comprehensive income (FVOCI): Financial instruments that are held for collection of contractual cash flows and for selling the financial instruments, where the financial instruments' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in net income (loss).

- Fair value through profit (loss) (FVTPL): Financial instruments that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit (loss). A gain or loss on a financial instrument that is subsequently measured at fair value through profit (loss) and is not part of a hedging relationship is recognized in net income (loss) and recognized in net income (loss) in the period in which it arises.

Financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL. Financial liabilities are subsequently measured as FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) it is designated as FVTPL if eligible.

The Company's financial instruments have been classified in the table in Note 14.

Impairment of Financial Assets

The Company's financial assets classified at amortized cost are subject to expected credit losses. The Company has assessed its financial assets to have low credit risk.

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not be recognized.

m. Future accounting standards

The Company has reviewed future new and amended IFRS Accounting Standards pronouncements and have identified the following standards that are not yet effective that would be expected to have a material impact on the Company's financial statements.

Amendment to IAS 1, Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69-76 of IAS 1 to clarify the requirements for classifying liabilities as current or non-current. The amendments specify that the conditions that exist at the end of a reporting period are those that will be used to determine if a right to defer settlement of a liability exists. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective January 1, 2024, with early adoption permitted. The amendments are to be applied retrospectively. The Company has completed its assessment of this amendment and has determined that it will not have a material effect on its consolidated financial statements.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash held at the bank of $1,203,263 (December 31, 2022 - $7,872,924) and guaranteed investment certificates (GICs) of $3,127,866 (December 31, 2022 - $1,013,223).

5. TERM DEPOSITS

Term deposits consisted of a GIC that was restricted and held as security towards a construction loan within an associate (Note 7) guaranteed by the Company. This restriction was released on December 29, 2022. As at December 31, 2023, the GIC had a balance of $nil (December 31, 2022 – $1,017,103).

(expressed in Canadian dollars)

6. INVESTMENT PROPERTIES

Prior to December 31, 2022, the Company held a 51% interest in a commercial real estate property located on Marine Drive in West Vancouver. The holder of the 49% interest in the property was responsible for the management of the property as set out in an operating agreement. Pursuant to the agreement, the Company received a 51% share of the property revenues less operating expenses.

The holder of the 49% interest solely held the mortgage debt which had a balance of $2,462,895 on December 31, 2022 on the property. The Company's 51% interest in the property was partial security for the mortgage debt. As well, the Company and a director provided corporate and personal guarantees for the mortgage debt and the Company had indemnified the director for this personal guarantee.

During the year ended December 31, 2022, the Company recognized net operating loss of $125,932 from investment properties and recorded a fair value gain of $490,449. On December 31, 2022 the Company sold the 51% interest in the Marine Drive property to the owner of the remaining 49%. The Company's interest in the property was sold for consideration of $1,943,949, consisting of net cash consideration of $1,848,117 and the non-cash settlement of net loss payable of $95,832. With the completion of this sale, the Company and the director no longer provide corporate and personal guarantees for the mortgage debt on the property. The holder of the 49% interest and the purchaser of the 51% interest is a related party of the Company (Note 13d).

7. INVESTMENTS IN ASSOCIATES

Investments in associates consist of:

Investments In Associates	General Partnership Ownership	Limited Partnership Ownership (Class A)	Limited Partnership Ownership (Non-voting Class B)	December 31, 2023	December 31, 2022
Denciti Chilliwack Limited Partnership ("Chilliwack LP")	0%	80%	0%	$ 12,664,220	$ 8,947,359
Denciti Squamish Limited Partnership ("Squamish LP")	0%	80%	0%	10,201,905	8,696,043
Total				$ 22,866,125	$ 17,643,402

In April 2021, the Company acquired an 80% interest in Chilliwack LP, which was formed for the purpose of acquiring certain lands for development and sale of a light industrial commercial project in Chilliwack, B.C. The Company has contributed cumulative capital of $13,172,000 (December 31, 2022 - $9,552,000) to the limited partnership and also received a cumulative return of capital of $720,000 (December 31, 2022 - $720,000). The Company has provided a guarantee of up to $13,856,000 (December 31, 2022 - $10,800,000) for a construction loan held within the limited partnership. The Company's share of net income from the limited partnership for the year ended December 31, 2023 is $96,861 (December 31, 2022 - $100,885). The Company estimates it will not have additional equity funding commitments payable over the remaining 21-month development period as estimated by the Company's development partner.

In May 2021, the Company acquired an 80% interest in Squamish LP, which was formed for the purpose of acquiring certain lands for development and sale of a light industrial commercial project in Squamish, B.C. The Company has contributed cumulative capital of $11,432,000 (December 31, 2022 - $8,696,000) to the limited partnership and also received a cumulative return of capital of $3,440,000 (December 31, 2022 - $nil). The Company has provided a guarantee of up to $14,880,000 (December 31, 2022 - $14,880,000) for a construction loan held within the limited partnership and had provided a deposit in favour of the lender which was released on December 29, 2022 (Note 5). The Company's share of net income from the limited partnership for the year ended December 31, 2023 is $2,209,862 (December 31, 2022 – net loss of $189). During the year the Squamish LP sold land inventory in two transactions which generated revenue of $20,469,664, cost of sales of $17,707,082 and had a gain on the sale of $2,756,928. Squamish LP is currently engaged in a program to sell the partnership's remaining land inventory after which the contributed capital and profits will be distributed. If unsuccessful, the LP will continue with their development plans and the Company estimates it will have additional equity funding commitments of approximately $4,000,000 payable over the remaining 39-month development period as estimated by the Company's development partner.

(expressed in Canadian dollars)

The general partner for each of the limited partnerships has the full authority to administer, manage, control and operate the limited partnerships. The Company's judgment is it does not have control over the limited partnership investments, but it does have significant influence and equity accounting is appropriate.

The Class B Limited Partners are entitled to receive a performance distribution. This carried interest is calculated as 20% of the remaining Net Income of the Partnership subject to priority distributions to Class A Limited Partners and will be paid at the time of a distribution to the Limited Partners.

Summary financial information for investments in associates, not adjusted for the percentage ownership held by the Company is as follows:

	Chilliwack LP		**Squamish LP**	
	December 31, 2023	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Cash and cash equivalents	$ 282,293	$ 615,026	$ 603,116	$ 164,391
Other current assets	17,504,122	648,856	13,609,495	12,465,565
Non-current assets	12,943,234	23,971,004	-	10,479,277
Current loans payable	13,314,964	-	913,009	12,000,000
Other current liabilities	1,584,412	138,975	547,220	12,074,788
Non-current liabilities	-	13,296,688	-	-
Revenue	174,443	167,023	20,469,664	-
Expenses	53,367	40,918	17,707,336	236
Net income (loss)	121,076	126,105	2,762,328	(236)
Comprehensive income (loss)	$ 121,076	$ 126,105	$ 2,762,328	$ (236)

8. LOANS PAYABLE

On June 25, 2021 and July 7, 2021, the Company was advanced $1,300,000 and $6,800,000, respectively, by way of a promissory note from a company controlled by a significant shareholder of the Company and a related party. The note is unsecured and bears interest at 10% per annum, compounded annually. Accrued interest is payable on the maturity date of July 6, 2024.

On November 3, 2021, the Company repaid principal of $3,930,000 and accrued interest of $123,552.

On January 28, 2022, the Company repaid $950,000 of this loan and accrued interest of $52,239.

On August 16, 2022, the Company repaid $1,350,000 of this loan and accrued interest of $150,200.

On December 31, 2022, the Company repaid $1,606,275 of this loan and accrued interest of $243,725.

As at December 31, 2022 the principal amount of the loan payable was $263,725 and accrued interest was $40,096. On February 3, 2023 the Company repaid the remaining principal of $263,725 and accrued interest of $42,805 on the promissory note from a company controlled by a significant shareholder of the Company (Note

(expressed in Canadian dollars)

13c).

On May 6, 2022, the Company was advanced $10,000,000, by way of a promissory note. The note is unsecured and bears interest at 5% per annum, compounded annually. Accrued interest is payable on the maturity date of March 31, 2024. The loan agreement provides the lender with certain participation rights in future equity financings of Kadestone as well as a right of first offer with respect to the financing of future real estate development projects.

As at December 31, 2023 the principal amount of the loan payable was $10,000,000 (December 31, 2022 - $10,000,000) and accrued interest was $840,864 (December 31, 2022 - $324,633). On April 24, 2024, the Company amended and restated the maturing agreement for the May 6, 2022 $10,000,000 promissory note and $973,540 of accrued interest (Note 15).

9. CONVERTIBLE NOTE

On December 29, 2021, the Company issued an unsecured convertible note. The principal amount of the note of $4,750,000 matures three years after issuance on December 29, 2024 and accrues interest at 7% per annum payable in cash on the maturity date. The Company incurred transaction costs on the debt issuance of $34,500.

The holder of the note has the option to convert the principal amount of the note, in whole or in part, at any time between 180 days after the issuance date up to the maturity date. The note has a fixed conversion price of $2.50 per share.

The convertible note is a compound instrument and the proceeds are required to be bifurcated to record the fair value of the separate debt and equity components. The fair value of the debt was determined using a discounted cash flow model using an estimated market interest rate for equivalent debt of 10%. The initial fair value of the debt, net of transactions costs, was calculated to be $4,319,582 with the residual portion of $395,918 allocated to equity.

		Year ended December 31, 2023		Year ended December 31, 2022
Balance, beginning of year	$	4,793,632	$	4,322,153
Accretion and amortization of transaction costs		141,627		138,979
Accrued interest		357,729		332,500
Balance, end of year	$	5,292,988	$	4,793,632

10. SHAREHOLDERS' EQUITY

a. Share Capital

The Company has an unlimited number of common shares authorized and 46,928,247 common shares issued as at December 31, 2023.

(expressed in Canadian dollars)

From January 1, 2022 to December 31, 2023 the Company has issued the following common shares:

Date	Shares	Price		Value
January 1, 2022	46,523,362		$	17,811,892
October 12, 2022(1)	200,000	$0.80		243,456
October 17, 2022(1)	1,750	$0.80		2,130
October 18, 2022(1)	203,135	$0.80		247,272
December 31, 2022	46,928,247		$	18,304,750
December 31, 2023	46,928,247		$	18,304,750

(1) Shares issued for exercise of agent's options, values include transfers from contributed surplus.

As at December 31, 2023, the Company had nil (December 31, 2022 – 9,600,443) common shares subject to escrow.

b. Share-based Compensation

The Company has a Stock Option Plan (the “Plan”) in which the purpose of this Plan is to attract, retain and motivate qualified Directors, Officers, Employees and Consultants (the “Participants”), to reward those Participants for their contributions toward the long-term goals of the Company, and to enable and encourage the Participants to acquire common shares as long-term investments.

In accordance with the Plan, stock options are granted at the sole discretion of the board of directors of the Company. At issuance of the stock options, the board of directors determines the award date, the number of options granted, the exercise price, vesting schedule, exercise period and any other terms. Common shares available to Participants through the Plan will not exceed 10% of the outstanding common shares of the Company. In addition, no one person will receive more than 5% of the issued and outstanding capital of the Company through the Plan and consultants or persons employed to conduct investor relations will receive no more than 2%.

The exercise price of an option will not be less than the closing price of common shares on the TSXV as of the award date.

On August 4, 2022, the Company granted 1,325,000 options to the Chief Executive Officer, the Chief Financial Officer, other employees and directors. These options have an exercise price of $1.50 and an expiry date of August 4, 2032. These options have a vesting period of 36 months with 1/36th of the award vesting every month. The grant date fair value of options granted was $1,515,767.

The Company has valued these grants based on the Black-Scholes option pricing model with the following assumptions. Expected stock price volatility was derived from a sample of similar publicly traded companies.

Grant Date	August 4, 2022
Expected dividend yield	Nil
Expected stock price volatility	69%
Risk-free interest rate	2.66%
Expected life of options	10 years
Forfeiture rate	Nil

As at December 31, 2023, 3,657,472 (December 31, 2022 - 2,728,139) of the total stock options outstanding had vested and 200,000 (December 31, 2022 – nil) had expired. For the year ended December 31, 2023 the Company recognized $759,620 (year ended December 31, 2022 - $1,368,400) in share-based compensation expense for vesting of stock options.

(expressed in Canadian dollars)

Stock option transactions from January 1, 2022 to December 31, 2023 are as follows:

	Number of options	Weighted Average Exercise Price
Balance at January 1, 2022	3,313,000	$1.03
Granted during the year	1,325,000	$1.50
Balance at December 31, 2022	4,638,000	$1.16
Expired during the year	(200,000)	$1.60
Balance at December 31, 2023	4,438,000	$1.14
Exercisable at December 31, 2023	3,457,472	$1.03
Exercisable at December 31, 2022	2,728,139	$0.91

As at December 31, 2023, the following stock options were outstanding and exercisable:

Number Outstanding	Number Exercisable	Exercise Price	Expiry Date	Average remaining life (years)
250,000	250,000	$0.40	December 31, 2029	6.01
1,000,000	1,000,000	$0.40	December 31, 2029	6.01
400,000	400,000	$0.80	March 3, 2030	6.18
100,000	100,000	$0.80	June 10, 2030	6.45
481,000	440,917	$1.55	March 5, 2031	7.18
782,000	608,222	$1.60	August 20, 2031	7.64
100,000	69,444	$1.80	November 23, 2031	7.90
1,325,000	588,889	$1.50	August 4, 2032	8.60
4,438,000	3,457,472			

11. LOSS PER SHARE

The following table summarizes the weighted average number of common shares used in calculating basic and diluted loss per share:

	Year ended December 31, 2023	Year ended December 31, 2022
Loss	$ (1,704,148)	$ (4,557,948)
Weighted average number of common shares, basic and diluted	46,928,247	46,608,741
Basic and diluted loss per share	$ (0.04)	$ (0.10)

(expressed in Canadian dollars)

12. INCOME TAXES

The following table is a reconciliation from the amounts which would be obtained by applying the statutory income tax rate for the year ended December 31, 2023 of 27.00% (December 31, 2022 – 27.00%) to the income (loss) as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Loss before income taxes	$ (1,704,148)	$ (4,557,948)
Expected income tax recovery at statutory rates	(460,000)	(1,231,000)
Adjustments		
Permanent difference and other	121,000	459,000
Change in tax benefits not recognized	339,000	772,000
Provision for income tax	$ -	$ -

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

	2023	Expiry date range	2022	Expiry date range
Temporary Differences				
Investment properties	$ 1,106,892	No expiry date	$ 1,106,892	No expiry date
Share or debt issue costs	42,892	2042 to 2046	88,740	2042 to 2045
Non-capital losses available for future periods	$ 7,355,463	2039 to 2043	$ 6,039,878	2039 to 2042

13. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed elsewhere in these consolidated financial statements, related party transactions include:

a. Key Management Personnel

Transactions with key management personnel, including compensatory arrangements, require disclosure. Key management personnel include the Company's officers and directors as well as their close family members.

b. Transactions

Summary of transactions with key management and directors:

	Year ended December 31, 2023	Year ended December 31, 2022
Salary and short-term benefits	$ 1,127,076	$ 1,515,990
Directors' fees	203,000	197,033
Share-based compensation	789,815	1,166,930
	$ 2,119,891	$ 2,879,953

Included in accounts payable is $38,948 (December 31, 2022 - $38,755) owing to officers and directors of the Company.

During the year ended December 31, 2023, the Company paid $80,000 (December 31, 2022 - $nil) in consulting fees to a company controlled by a director.

(expressed in Canadian dollars)

c. Loan Payable

The Company had a loan payable with a related party which is described in Note 8.

d. Sale of Marine Drive property

The sale of the Marine Drive property on December 31, 2022 described in Note 6 was a related party transaction with a company controlled by a significant shareholder of the Company.

14. FINANCIAL INFORMATION AND RISK FACTORS

Fair value measurements recognized in the consolidated financial statements are categorized in accordance with the following levels:

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).
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety.

The fair value of cash and cash equivalents, term deposits, accounts receivable and other and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of those instruments. These financial instruments are classified as Level 2 in the fair value hierarchy because while prices are available, there is no active market for these instruments. The fair value of loans payable and the convertible note is based on fair value hierarchy level 3.

The fair value of loans payable and the convertible note is estimated by discounting the future contractual cash flows at the market interest rate that is available to the Company for similar financial instruments.

The Company classifies its financial instruments as follows:

December 31, 2023	**Financial assets at amortized cost**	**Financial liabilities at amortized cost**	**Fair Value**
Cash and cash equivalents	$ 4,331,129	$ -	$ 4,331,129
Accounts receivable and other	283,068	-	283,068
Accounts payable and accrued liabilities	-	1,092,538	1,092,538
Loans payable	-	10,840,864	10,740,284
Convertible note	-	5,292,988	5,340,741
Total	$ 4,614,197	$ 17,226,390	

(expressed in Canadian dollars)

December 31, 2022	**Financial assets at amortized cost**	**Financial liabilities at amortized cost**	**Fair Value**
Cash and cash equivalents	$ 8,886,147	$ -	$ 8,886,147
Term deposits	1,017,103	-	1,017,103
Accounts receivable and other	26,812	-	26,812
Accounts payable and accrued liabilities	-	964,665	964,665
Loans payable	-	10,628,454	10,250,127
Convertible note	-	4,793,632	4,967,798
Total	$ 9,930,062	$ 16,386,751	

Management of Capital

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its business and maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk.

The Company defines capital as the aggregate of shareholders' equity, loans payable and convertible note. The Company manages and adjusts its capital structure when changes in economic conditions occur. To acquire additional investment properties the Company will seek additional capital funding. The Company may require additional capital resources to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required in the long term but recognizes there will be risks involved that may be beyond its control. There are no external restrictions on the management of capital.

There have been no changes in the Company's approach to capital management in the year ended December 31, 2023.

Risk Factors

The Company is exposed, in varying degrees, to the following financial instrument related risks:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Deposits of cash and cash equivalents and term deposits are made with major Canadian banks which have a minimum credit rating of B or higher.

Interest Rate Risk

The Company does not currently have any variable rate borrowings directly. The Company's loans payable and convertible note bear interest at fixed rates, and therefore, these financial instruments do not expose the Company to significant interest rate risk. The loans held by the Company's associate investments, and guaranteed by the Company, are based on a variable rate and the risk on these loans are managed through a budget contingency on the project.

The Company may prepay at any time, in full or in part, the principal and accrued interest on the convertible note and loan payable, with no penalty.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations due at any point in time over available financial assets. The Company's objective in managing liquidity risk is to maintain sufficient readily available working capital to meet its liquidity requirements. At December 31, 2023, the Company had current financial assets of $4,614,197 available to settle current financial liabilities of $17,226,390. On December 29, 2024, the Company's convertible note will mature and will either be converted at the option of the holder or will require repayment of the principal and interest amounts on that date. Squamish LP is currently engaged in a program to sell the partnership's remaining land inventory. If unsuccessful, the LP will continue with their development plans, including financing the land to access liquidity. The Company estimates it will have additional equity funding commitments of approximately $4,000,000 payable over the remaining 39-month development period as estimated by the Company's development partner.

(expressed in Canadian dollars)

The contractual cash flows of the Company's financial liabilities including expected interest payments to maturity are as follows:

	Current	1-2 years
Accounts payable and accrued liabilities	$ 1,092,538	$ -
Loans payable	10,973,540	-
Convertible note	$ 5,820,033	$ -

In addition to the financial liabilities in the table above, the Company may be required to contribute $4,000,000 in equity funding over the next 39 months (note 7).

In order to manage the repayment of convertible note and the equity funding requirement, the Company will source additional debt and equity financing as required.

15. SUBSEQUENT EVENT

On April 24, 2024, the Company amended and restated the agreement for the May 6, 2022 $10,000,000 promissory note and $973,540 of accrued interest. The restated $10,973,540 promissory note is unsecured and bears interest at 9% per annum from May 1, 2024 until April 30, 2025; a rate equal to 11% per annum from May 1, 2025 until April 30, 2026; a rate equal to 13% per annum from May 1, 2026 until April 30, 2027 and a rate equal to 15% from May 1, 2027 to April 30, 2028. Interest is payable in full at the maturity date of May 1, 2028. Principal payments of $250,000 are payable on the last business day of each fiscal quarter. The loan agreement provides the lender with equity participation rights and a right of first offer with respect to the financing of future real estate development projects.