

CORDOVACANN CORP.

FORM 20-F

(Annual and Transition Report (foreign private issuer))

Filed 12/16/24 for the Period Ending 06/30/24

Telephone	(416) 843-2881
CIK	0001168981
Symbol	LVRLF
SIC Code	7900 - Services-Amusement and Recreation Services
Industry	Drug Retailers
Sector	Consumer Non-Cyclicals
Fiscal Year	06/30

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **June 30, 2024**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

OR

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15D OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

Commission file number: 000-50492

CORDOVACANN CORP.

(Exact name of Registrant as specified in its charter)

Canada

(Jurisdiction of incorporation or organization)

217 Queen Street West, Suite 401,
Toronto, Ontario, M5V 0R2, Canada
(Address of principal executive offices)

Thomas M. Turner, Jr., T: 917-843-2169, F: 416-640-3183,
217 Queen Street West, Suite 401,
Toronto, Ontario, M5V 0R2, Canada
(Name, Telephone, Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act: **None**

Securities registered or to be registered pursuant to Section 12(g) of the Act.

Common shares without par value
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Indicate the number of outstanding shares of each of the Issuer's classes of capital or common stock as of the close of the period covered by the annual report

Common shares without par value – 109,502,853 as at June 30, 2024

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☐ Yes ☒ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

☒ Yes ☐ No

Note - Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such report) and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

US GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☒

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

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GENERAL

In this Annual Report, references to “we”, “us”, “our”, the “Company”, and “CordovaCann” means CordovaCann Corp. and its subsidiaries, unless the context requires otherwise.

We use the Canadian dollar as our reporting and presentation currency and our annual audited consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee. All monetary references in this document are to Canadian dollars, unless otherwise indicated. All references in this document to “dollars” or “\$” or “CDN \$” mean Canadian dollars, unless otherwise indicated, and references to “US \$” mean U.S. dollars.

FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F (this “Annual Report”) includes “forward-looking statements.” All statements, other than statements of historical facts, included in this Annual Report that address activities, events or developments, which we expect or anticipate, will or may occur in the future are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended.

The words “believe”, “intend”, “expect”, “anticipate”, “project”, “estimate”, “predict” and similar expressions are also intended to identify forward-looking statements.

These forward-looking statements address, among others, such issues as:

- Future earnings and cash flow;
- Expansion and growth of our business and operations; and
- Our prospective operational and financial information.

These statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in particular circumstances. However, whether actual results and developments will meet our expectations and predictions depends on a number of risks and uncertainties, which could cause actual results to differ materially from our expectations, including the risks set forth in “Item 3 - Key Information - Risk Factors” and the following:

- Fluctuations in prices of our products and services;
- Potential investments, acquisitions or other business opportunities;
- Availability of financing opportunities, legal and regulatory risks;
- General economic, market and business conditions; and
- Other risks and factors beyond our control.

Consequently, all of the forward-looking statements made in this Annual Report are qualified by these cautionary statements. We cannot assure you that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected effect on us or our business or operations.

FOREIGN PRIVATE ISSUER STATUS AND CURRENCIES AND EXCHANGE RATES

Foreign Private Issuer Status

CordovaCann Corp. (formerly, LiveReel Media Corporation) is a Canadian corporation governed under the *Canada Business Corporations Act* of Canada. Approximately 71% of its common shares is held by approximately 447 non-United States citizens and residents as of the day of its most recently completed fiscal year and our business is administered principally outside the United States. As a result, we believe that we qualify as a “foreign private issuer” for continuing to report regarding the registration of our common shares using this Annual Report on Form 20-F format.

Currency

The financial information presented in this Annual Report is expressed in Canadian Dollars (“CDN” or “\$”) and the financial data in this Annual Report is presented in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), except where otherwise indicated.

PART I**ITEM 1 - IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS**

Not applicable.

ITEM 2 - OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3 - KEY INFORMATION**(A) SELECTED FINANCIAL DATA**

This Report includes audited consolidated financial statements of the Company for the years ended June 30, 2024, 2023 and 2022. These audited consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB.

The following is selected financial data for the Company for each of the last three fiscal years ended 2022 through 2024 on a consolidated basis. The data is extracted from the audited consolidated financial statements of the Company for each of the said years.

Summary of Financial Information in Accordance with International Financial Reporting Standards (IFRS) (CDN)

Operating data – Fiscal year ended June 30

For the Years Ending June 30,	2024	2023	2022
	\$	\$	\$
Revenue	13,797,150	13,594,706	13,526,084
Net loss for year	(1,275,056)	(6,917,910)	(4,023,466)
Net loss per share – basic and diluted	(0.01)	(0.06)	(0.04)
Working capital (deficit)	(7,418,608)	(6,232,527)	(2,485,158)
Total assets	9,553,495	10,263,706	16,750,965
Total liabilities	12,150,508	11,290,928	10,164,578
Capital stock	30,475,107	30,475,107	30,475,107
Contributed surplus	8,036,990	8,036,990	8,036,990
Equity portion of convertible debentures	-	-	689,645
Accumulated deficit	(41,787,524)	(40,294,989)	(33,410,321)
Accumulated other comprehensive income	(24,563)	64,019	70,073
Non-controlling interest	702,977	691,651	724,893
Shareholders' equity (deficiency)	(2,597,013)	(1,027,222)	6,586,387

The Company has not declared or paid any dividends in any of its last three fiscal years.

Exchange Rates

In this Annual Report on Form 20-F, unless otherwise specified, all monetary amounts are expressed in Canadian Dollars. The exchange rates used herein were obtained from Bank of Canada; however, they cannot be guaranteed.

On November 30, 2024, being the last day of November 2024, the exchange rate, based on the daily buying rates, for the conversion of Canadian Dollars into United States Dollars (the “Daily Rate of Exchange”) was \$0.7138.

The following table sets out the high and low exchange rates for each of the last six months.

2024	November	October	September	August	July	June
High for period	\$ 0.7218	\$ 0.7412	\$ 0.7428	\$ 0.7429	\$ 0.7346	\$ 0.7334
Low for period	\$ 0.7101	\$ 0.7186	\$ 0.7353	\$ 0.7216	\$ 0.7219	\$ 0.7264

The following table sets out the average exchange rates for the five most recent financial years calculated by using the average of the Daily Rate of Exchange on the last day of each month during the period.

	Year Ended June 30,				
	2024	2023	2022	2021	2020
Average for the year	\$ 0.7380	\$ 0.7467	\$ 0.7901	\$ 0.7807	\$ 0.7453

(B) CAPITALIZATION AND INDEBTEDNESS

Not applicable.

(C) REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

(D) RISK FACTORS

The following is a brief discussion of those distinctive or special characteristics of the Company’s operations and industry that may have a material adverse impact on, or constitute risk factors in respect of, the Company’s future financial performance.

*Summary of Regulatory Environment**United States Federal Law Overview*

Although cannabis is federally illegal in the U.S., the U.S. federal government’s approach to enforcement of such laws has trended toward non-enforcement. On August 29, 2013, the U.S. Department of Justice (the “DOJ”), issued a memorandum known as the “Cole Memorandum” to all U.S. Attorneys’ offices (federal prosecutors). The Cole Memorandum generally directed U.S. Attorneys not to prioritize the enforcement of federal cannabis laws against individuals and businesses that comply with state laws legalizing cannabis. While not legally binding, and merely prosecutorial guidance, the Cole Memorandum laid a framework for managing the tension between state and federal laws concerning state regulated cannabis businesses.

On January 4, 2018, the Cole Memorandum was revoked by Attorney General Jeff Sessions, an opponent of state-regulated medical and recreational cannabis. While this did not create a change in federal law, as the Cole Memorandum was not itself legally binding upon federal prosecutors, the revocation removed the DOJ’s guidance to U.S. Attorneys that state-regulated cannabis industries substantively in compliance with the Cole Memorandum’s guidelines should not be a prosecutorial priority.

In addition to his revocation of the Cole Memorandum, Attorney General Sessions also issued a one-page memorandum known as the “Sessions Memorandum” on January 12, 2018. The Sessions Memorandum confirmed the rescission of the Cole Memorandum and explained the rationale for such rescission. According to the Sessions Memorandum, the Cole Memorandum was “unnecessary” due to existing general enforcement guidance set forth in the U.S. Attorney’s Manual (the “USAM”). The USAM enforcement priorities, similar to the Cole Memorandum priorities, consider the “seriousness” of the alleged crimes, the “deterrent effect of criminal prosecution” and “the cumulative impact of particular crimes on the community”. Accordingly, U.S. Attorneys presently possess the same prosecutorial discretion they held while the Cole Memorandum was in place.

In addition, federal money laundering statutes may be violated in the event that financial institutions take any proceeds from cannabis sales or any other Schedule I substance, and Canadian banks are hesitant to deal with cannabis companies, due to the uncertain legal and regulatory framework of the industry. Banks and other financial institutions could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses. Under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering or conspiracy. Nevertheless, the U.S. Department of the Treasury issued a memorandum in February of 2014 (the “FinCEN Memorandum”) outlining the pathways for financial institutions to bank state-sanctioned cannabis businesses. Under these guidelines, financial institutions must submit a “suspicious activity report” (“SAR”) as required by federal money laundering laws. These cannabis related SARs are divided into three categories: cannabis limited, cannabis priority, and cannabis terminated, based on the financial institution’s belief that the cannabis business follows state law, is operating out of compliance with applicable state law, or where the banking relationship has been terminated.

Attorney General Sessions’ revocation of the Cole Memorandum and the 2014 Cole Memo has not affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum.

On January 21, 2021, Joseph Biden, Jr. was sworn in as President of the United States. President Biden’s Attorney General, Merrick Garland, was confirmed by the United States Senate on March 10, 2021. Mr. Garland indicated at a confirmation hearing before the United States Senate that it did not seem to him to be a good use of limited resources to pursue prosecutions in states that have legalized and that are regulating the use of marijuana, either medically or otherwise. In a White House Statement dated October 6, 2022, President Biden announced “First, I am announcing a pardon of all prior Federal offenses of simple possession of marijuana ... Second, I am urging all Governors to do the same with regard to state offenses ... Third, I am asking the Secretary of Health and Human Services and the Attorney General to initiate the administrative process to review expeditiously how marijuana is scheduled under federal law.” On August 30, 2023, Bloomberg reported on a non-public letter from the United States Department of Health and Human Services (“HHS”) to the United States Drug Enforcement Administration announced that HHS would recommend moving marijuana from Schedule I to Schedule III under the CSA. Rescheduling, if it occurs, could result in significant, material changes in the federal legal and regulatory framework and enforcement, up to and including an environment under which the current state-based licenses are no longer feasible for operation. Rescheduling from Schedule I to Schedule III is generally anticipated to result in allowance of income tax deductions for federal income tax purposes, as the underlying activity will no longer be viewed as federally illegal. On November 5, 2024, the U.S. presidential election took place, resulting in Donald J. Trump being elected as the 47th president of the United States. He is scheduled to be inaugurated on January 20, 2025. It is not yet known whether the Department of Justice under President Trump and Attorney General Garland will re-adopt the Cole Memorandum or announce a substantive marijuana enforcement policy.

Despite these statements which appear positive for the nascent cannabis industry, there is no guarantee that cannabis will be rescheduled federally, that current state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends the CSA with respect to cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current U.S. federal law. Currently, in the absence of uniform federal guidance, as had been established by the Cole Memorandum, enforcement priorities are determined by respective United States Attorneys.

In addition to federal illegality and uncertainty of state-driven legalization frameworks for cannabis operators within the U.S., it may potentially be a violation of federal anti-money laundering statutes for financial institutions to take any proceeds from the sale of cannabis or any other Schedule I controlled substance. Canadian banks are likewise hesitant to deal with cannabis companies, due to the uncertain legal and regulatory framework of the industry. Banks and other financial institutions, particularly those that are federally chartered in the U.S., could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses. Management continuously monitors all U.S. Attorney comments related to regulated medical and recreational cannabis laws to assess various risks and enforcement priorities within each jurisdiction. Dozens of U.S. Attorneys across the U.S. have affirmed that their prosecutorial discretion and/or federal enforcement priorities have not changed.

Despite these laws, the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN") issued a memorandum on February 14, 2014 (the "FinCEN Memorandum") outlining the pathways for financial institutions to bank state-sanctioned cannabis businesses in compliance with federal enforcement priorities. The FinCEN Memorandum echoed the enforcement priorities of the Cole Memorandum. Under these guidelines, financial institutions must submit a Suspicious Activity Report ("SAR") in connection with all marijuana-related banking activities by any client of such financial institution, in accordance with federal money laundering laws. These marijuana-related SARs are divided into three categories - marijuana limited, marijuana priority, and marijuana terminated - based on the financial institution's belief that the business in question follows state law, is operating outside of compliance with state law, or where the banking relationship has been terminated, respectively. On the same day as the FinCEN Memorandum was published, the DOJ issued a memorandum (the "2014 DOJ Memorandum") directing prosecutors to apply the enforcement priorities of the Cole Memorandum in determining whether to charge individuals or institutions with crimes related to financial transactions involving the proceeds of cannabis-related conduct. The 2014 DOJ Memorandum has been rescinded as of January 4, 2018, along with the Cole Memorandum, removing guidance that enforcement of applicable financial crimes against state-compliant actors was not a DOJ priority.

However, former Attorney General Sessions' revocation of the Cole Memorandum and the 2014 DOJ Memorandum has not affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself. Though it was originally intended for the 2014 DOJ Memorandum and the FinCEN Memorandum to work in tandem, the FinCEN Memorandum appears to be a standalone document which explicitly lists the eight enforcement priorities originally cited in the Cole Memorandum. As such, the FinCEN Memorandum remains intact, indicating that the Department of the Treasury and FinCEN intend to continue abiding by its guidance. However, in the United States, it is difficult for cannabis-based businesses to open and maintain a bank account with any bank or other financial institution.

In the U.S., the SAFE Banking Act of 2019, H.R. 1595 ("SAFE Banking Act"), was first introduced on March 7, 2019 and passed a vote on September 25, 2019 by the Committee of the Whole Congress, but failed to receive the support needed to pass the U.S. Senate. Generally, the act would let banks offer services to cannabis-related businesses. They could also offer services to those businesses' employees. In both Canada and the U.S., transactions involving banks and other financial institutions are both difficult and unpredictable under the current legal and regulatory landscape. Legislative changes could help to reduce or eliminate these challenges for companies in the cannabis space and would improve the efficiency of both significant and minor financial transactions. On September 27, 2023, the Committee on Banking, Housing, and Urban Affairs of the United States Senate passed a legislative markup of the Act, now titled the "SAFER Banking Act," out of the committee and headed to the Senate floor for a vote. While there is strong support in the public and within Congress for the SAFER Banking Act and similar legislation, there can be no assurance that it will be passed as presently proposed or at all.

Although the Cole Memorandum and 2014 DOJ Memorandum have been rescinded, Congress has used the Joyce Amendment, previously known as the Rohrabacher-Farr and the Rohrabacher-Leahy Amendment, as a rider provision in the FY 2015, 2016, 2017, 2018, 2019, 2020, and 2021 Consolidated Appropriations Acts and accompanying stopgap spending measures to prevent the federal government from using congressionally appropriated funds to enforce federal marijuana laws against regulated medical cannabis actors operating in compliance with state and local law. President Joe Biden became the first president to propose a budget with the Joyce Amendment included. On December 29, 2022, the Joyce Amendment was renewed through the signing of the "Consolidated Appropriations Act, 2023" which extended the protections for the medical cannabis industry until September 30, 2023. On September 30, 2023, the U.S. House of Representatives passed a stopgap funding bill titled as the "Continuing Appropriations Act, 2024 and Other Extensions Act," which continued the enforcement restrictions regarding medical marijuana through November 17, 2023.

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Despite the legal, regulatory, and political obstacles the cannabis industry currently faces, the industry has continued to grow. It was anticipated that the federal government would eventually repeal the federal prohibition on cannabis and thereby leave the states to decide for themselves whether to permit regulated cannabis cultivation, production and sale, just as states are free today to decide policies governing the distribution of alcohol or tobacco.

Given current political trends, however, these developments are considered unlikely to materialize in the near-term. As an industry best practice, despite the recent rescission of the Cole Memorandum, we intend to abide by the following to ensure compliance with the guidance provided by the Cole Memorandum:

- ensure that our cannabis related activities adhere to the scope of the licensing obtained (for example, in states where cannabis is permitted only for adult-use, the products are only sold to individuals who meet the requisite age requirements);
- implement policies and procedures in place to ensure that funds are not distributed to criminal enterprises, gangs or cartels;
- implement an inventory tracking system and necessary procedures to ensure that such compliance system is effective in tracking inventory and preventing diversion of cannabis or cannabis products into those states where cannabis is not permitted by state law, or cross any state lines in general;
- ensure that our state-authorized cannabis business activity is not used as a cover or pretense for trafficking of other illegal drugs, is engaged in any other illegal activity or any activities that are contrary to any applicable anti-money laundering statutes; and
- ensure that our products comply with applicable regulations and contain necessary disclaimers about the contents of the products to prevent adverse public health consequences from cannabis use and prevent impaired driving.

In addition, we may (and frequently do) conduct background checks to ensure that the principals and management of our operating subsidiaries are of good character and have not been involved with other illegal drugs, engaged in illegal activity or activities involving violence, or use of firearms in cultivation, manufacturing or distribution of cannabis. We also conduct ongoing reviews of the activities of our cannabis businesses, the premises on which they operate and the policies and procedures that are related to possession of cannabis or cannabis products outside of the licensed premises, including the cases where such possession is permitted by regulation.

Compliance with Applicable State Law

Each licensee of the Intellectual Property complies with applicable U.S. state licensing requirements as follows: (1) each licensee is licensed pursuant to applicable U.S. state law to cultivate, possess and/or distribute cannabis in such state; (2) renewal dates for such licenses are docketed by legal counsel and/or other advisors; (3) random internal audits of the licensee's business activities are conducted by the applicable state regulator and by the respective investee to ensure compliance with applicable state law; (4) each employee is provided with an employee handbook that outlines internal standard operating procedures in connection with the cultivation, possession and distribution of cannabis to ensure that all cannabis inventory and proceeds from the sale of such cannabis are properly accounted for and tracked, using scanners to confirm each customer's legal age and the validity of each customer's drivers' license; (5) each room that cannabis inventory and/or proceeds from the sale of such inventory enter is monitored by video surveillance; (6) software is used to track cannabis inventory from seed-to-sale; and (7) each licensee is contractually obligated to comply with applicable state law in connection with the cultivation, possession and/or distribution of cannabis. CordovaCann's U.S. legal counsel reviews, from time to time, the licenses and documents referenced above in order to confirm such information and identify any deficiencies.

Oregon's Cannabis Regulatory Environment

For the purposes of Staff Notice 51-352, the assets and interests held by CordovaCann in Oregon are classified as "ancillary" involvement in the U.S. cannabis industry.

Oregon authorized the cultivation, possession and distribution of cannabis by certain licensed Oregon cannabis businesses. The Oregon Liquor Control Commission (“OLCC”) regulates Oregon’s cannabis regulatory program. CordovaCann is advised by U.S. legal counsel and/or other advisors in connection with Oregon’s cannabis regulatory program. CordovaCann only engages in transactions with Oregon cannabis businesses that hold licenses that are in good standing to cultivate, possess and/or distribute cannabis in Oregon in compliance with Oregon’s cannabis regulatory program. To the extent required by Oregon’s cannabis regulatory program, CordovaCann has fully disclosed and/or registered each financial interest CordovaCann holds in such Oregon cannabis business. Regulatory compliance with the OLCC and other regulatory bodies, and the process of obtaining regulatory approvals, can be costly and time-consuming. Further, the Company cannot predict what kind of regulatory requirements its business will be subject to in the future. Any delays in obtaining, or failure to obtain, regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the Company.

Risks specifically related to the United States regulatory system.

The Company’s investments operate in a new industry which is highly regulated, highly competitive and evolving rapidly. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements.

The Company’s investments incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company’s investments and, therefore, on the Company’s prospective returns. Further, the Company may be subject to a variety of claims and lawsuits. Adverse outcomes in some or all of these claims may result in significant monetary damages or injunctive relief that could adversely affect our ability to conduct our business. Litigation and other claims are subject to inherent uncertainties and management’s view of these matters may change in the future. A material adverse impact on our financial statements could also occur for the period in which the effect of an unfavorable final outcome becomes probable and reasonably capable of being estimated. The industry is subject to extensive controls and regulations which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the control of the Company’s investments and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Company’s investments’ earnings and could make future capital investments or the Company’s investments’ operations uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

CordovaCann is expected to continue to derive a portion of its revenues from the cannabis industry in certain states of the United States, which is illegal under United States federal law. While the Company’s business activities are compliant with applicable state and local laws, such activities remain illegal under United States federal law. CordovaCann is involved in the cannabis industry in the United States where local and state laws permit such activities or provide limited defenses to criminal prosecutions. The enforcement of relevant laws is a significant risk.

Over half of the U.S. states have enacted comprehensive legislation to regulate the sale and use of medical cannabis. Notwithstanding the permissive regulatory environment of medical cannabis at the state level, cannabis continues to be categorized as a Schedule 1 controlled substance under the United States Controlled Substances Act of 1970. As such, cannabis-related practices or activities, including without limitation, the cultivation, manufacture, importation, possession, use or distribution of cannabis, are illegal under United States federal law. Strict compliance with state laws with respect to cannabis will neither absolve the Company of liability under United States federal law, nor will it provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may adversely affect the Company’s operations and financial performance.

Because of the conflicting views between state legislatures and the federal government of the United States regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation, regulation, and enforcement. Unless and until the United States Congress amends the United States Controlled Substances Act with respect to cannabis or the Drug Enforcement Agency reschedules or de-schedules cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current federal law, which would adversely affect the current and future investments of the Company in the United States. As a result of the tension between state and federal law, there are a number of risks associated with the Company’s existing and future investments in the United States.

For the reasons set forth above, the Company's existing interests in the United States cannabis market may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. It has been reported by certain publications in Canada that the Canadian Depository for Securities Limited may implement policies that would see its subsidiary, CDS Clearing and Depository Services Inc. ("CDS"), refuse to settle trades for cannabis companies that have investments in the United States. CDS is Canada's central securities depository, clearing and settlement hub settling trades in the Canadian equity, fixed income and money markets. The TMX Group, the owner and operator of CDS, subsequently issued a statement on August 17, 2017 reaffirming that there is no CDS ban on the clearing of securities of companies with cannabis-related activities in the United States, despite media reports to the contrary and that the TMX Group was working with regulators to arrive at a solution that will clarify this matter, which would be communicated at a later time.

On February 8, 2018, following discussions with the Canadian Securities Administrators ("CSA") and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding ("MOU") with Aequis NEO Exchange Inc., the Canadian Securities Exchange ("CSE"), the Toronto Stock Exchange, and the TSX Venture Exchange. The MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the United States. The MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed companies. As a result, there is no CDS ban on the clearing of securities of companies with cannabis-related activities in the United States. However, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of Common Shares to make and settle trades. In particular, the Common Shares would become highly illiquid as until an alternative was implemented, investors would have no ability to effect a trade of the Common Shares through the facilities of a applicable stock exchange. The Company has obtained eligibility with the Depository Trust Company ("DTC") for its Common Share quotation on the OTCQB and CSE and such DTC eligibility provides another possible avenue to clear Common Shares in the event of a CDS ban.

The activities of CordovaCann's investments are, and will continue to be, subject to evolving regulation by governmental authorities. The Company's investments are directly or indirectly engaged in the medical and recreational cannabis industry in the United States and Canada, where local state laws permit such activities. The legality of the production, extraction, distribution and use of cannabis differs among each North American jurisdictions.

CordovaCann's investments have been focused in three states that have legalized the medical and/or recreational use of cannabis, being Oregon, Washington, and California. Over half of the U.S. states have enacted legislation to legalize and regulate the sale and use of medical cannabis. However, the U.S. federal government has not enacted similar legislation. As such, the cultivation, manufacture, distribution, sale and use of cannabis remains illegal under U.S. federal law.

Further, on January 4, 2018, U.S. Attorney General, Jeff Sessions, formally rescinded the standing DOJ federal policy guidance governing enforcement of marijuana laws, as set forth in a series of memos and guidance from 2009-2014, principally the Cole Memorandum. The Cole Memorandum generally directed U.S. Attorneys not to enforce the federal marijuana laws against actors who are compliant with state laws, provided enumerated enforcement priorities were not implicated. The rescission of this memo and other Obama-era prosecutorial guidance did not create a change in federal law as the Cole Memorandums were never legally binding; however, the revocation removed the DOJ's guidance to U.S. Attorneys that state-regulated cannabis industries substantively in compliance with the Cole Memorandum's guidelines should not be a prosecutorial priority. The federal government of the United States has always reserved the right to enforce federal law regarding the sale and disbursement of medical or recreational marijuana, even if state law sanctioned such sale and disbursement. The U.S. federal government has always reserved the right to enforce federal law in regard to the sale and disbursement of medical or adult-use cannabis, even if state law authorizes such sale and disbursement. It is unclear whether the risk of enforcement has been altered. Although the rescission of the above memorandums does not necessarily indicate that marijuana industry prosecutions are now affirmatively a priority for the DOJ, there can be no assurance that the federal government will not enforce such laws in the future.

Additionally, there can be no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. It is also important to note that local and city ordinances may strictly limit and/or restrict the distribution of cannabis in a manner that could make it extremely difficult or impossible to transact business in the cannabis industry. If the federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, the Company's investments in such businesses would be materially and adversely affected notwithstanding the fact that the Company is not directly engaged in the sale or distribution of cannabis. Federal actions against any individual or entity engaged in the marijuana industry or a substantial repeal of marijuana related legislation could adversely affect the Company, its business and its investments.

In light of the political and regulatory uncertainty surrounding the treatment of U.S. cannabis-related activities, including the rescission of the Cole Memorandum discussed above, on February 8, 2018, the CSA published Staff Notice 51-352 setting out the CSA's disclosure expectations for specific risks facing companies with cannabis-related activities in the United States. Staff Notice 51-352 confirms that a disclosure-based approach remains appropriate for companies with U.S. cannabis-related activities. Staff Notice 51-352 includes additional disclosure expectations that apply to all companies with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as companies that provide goods and services to third parties involved in the U.S. cannabis industry. The Company views Staff Notice 51-352 favourably, as it provides increased transparency and greater certainty regarding the views of the exchanges and the regulators regarding the Company's existing operations and strategic business plan as well as the Company's ability to pursue further investments and opportunities in the United States.

The Company's investments in the United States are subject to applicable anti-money laundering laws and regulations.

The Company is subject to a variety of laws and regulations domestically and in the United States that involve money laundering, financial recordkeeping and proceeds of crime, including the U.S. Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations thereunder, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States and Canada. Further, under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy.

Despite these laws, FinCEN issued a memorandum on February 14, 2014 outlining the pathways for financial institutions to bank marijuana businesses in compliance with federal enforcement priorities. The FinCEN Memorandum states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. It refers to supplementary guidance that Deputy Attorney General Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the United States Controlled Substances Act on the same day (the "2014 Cole Memo"). The 2014 Cole Memo has been rescinded as of January 4, 2018, along with the Cole Memorandum, removing guidance that enforcement of applicable financial crimes was not a DOJ priority.

Attorney General Sessions' revocation of the Cole Memorandum and the 2014 Cole Memo has not affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself. Though it was originally intended for the 2014 Cole Memo and the FinCEN Memorandum to work in tandem, the FinCEN Memorandum appears to remain in effect as a standalone document which explicitly lists the eight enforcement priorities originally cited in the rescinded Cole Memorandum. Although the FinCEN Memorandum remains intact, indicating that the Department of the Treasury and FinCEN intend to continue abiding by its guidance, it is unclear whether the current administration will continue to follow the guidelines of the FinCEN Memorandum.

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The Company's investments, and any proceeds thereof, are considered proceeds of crime due to the fact that cannabis remains illegal federally in the United States. This restricts the ability of the Company to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while the Company has no current intention to declare or pay dividends on its Common Shares in the foreseeable future, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

The Company's investments in the United States may be subject to heightened scrutiny by Canadian authorities.

For the reasons set forth above, the Company's existing investments in the United States, and any future investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to invest in the United States or any other jurisdiction, in addition to those described herein.

Although the MOU has confirmed that there is currently no CDS ban on the clearing of securities of companies with cannabis-related activities in the United States, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of Common Shares to make and settle trades. In particular, the Common Shares would become highly illiquid as until an alternative was implemented, investors would have no ability to affect a trade of the Common Shares through the facilities of a stock exchange.

Change in laws, regulations and guidelines.

Each investment's current and proposed operations are subject to a variety of laws, regulations and guidelines, including, but not limited to, those relating to the manufacture, management, transportation, storage and disposal of cannabis, as well as laws and regulations relating to health and safety (including those for consumable products), the conduct of operations and the protection of the environment. These laws and regulations are broad in scope and subject to evolving interpretations. If any changes to such laws, regulations and guidelines occur, which are matters beyond the control of the Company, the Company may incur significant costs in complying with such changes or it may be unable to comply therewith, which in turn may result in a material adverse effect on the Company's business, financial condition and results of operation. In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of the Company's business plan and result in a material adverse effect on certain aspects of its planned operations.

Changes in regulations, more vigorous enforcement thereof, the imposition of restrictions on the Company's ability to operate in the U.S. as a result of the federally illegal nature of cannabis in the U.S. or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

United States tax residence of the Company.

The Company, which is and will continue to be a Canadian corporation generally would be classified as a non-United States corporation (and, therefore, as a non-United States tax resident) under general rules of United States federal income taxation. Section 7874 of the United States Tax Code, however, contains rules that can cause a non-United States corporation to be taxed as a United States corporation for United States federal income tax purposes. The rules described in this paragraph are relatively new, their application is complex and there is little guidance regarding their application. Under section 7874 of the United States Tax Code, a corporation created or organized outside the United States (i.e., a non-United States corporation) will nevertheless be treated as a United States corporation for United States federal income tax purposes (such treatment is referred to as an "Inversion") if each of the following three conditions are met (i) the non-United States corporation acquires, directly or indirectly, or is treated as acquiring under applicable United States Treasury Regulations, substantially all of the assets held, directly or indirectly, by a United States corporation, (ii) after the acquisition, the former stockholders of the acquired United States corporation hold at least 80% (by vote or value) of the shares of the non-United States corporation by reason of holding shares of the United States acquired corporation, and (iii) after the acquisition, the non-United States corporation's expanded affiliated group does not have substantial business activities in the non-United States corporation's country of organization or incorporation when compared to the expanded affiliated group's total business activities (clauses (i) – (iii), collectively, the "Inversion Conditions"). For this purpose, "expanded affiliated group" means a group of corporations where (i) the non-United States corporation owns stock representing more than 50% of the vote and value of at least one member of the expanded affiliated group, and (ii) stock representing more than 50% of the vote and value of each member is owned by other members of the group. The definition of an "expanded affiliated group" includes partnerships where one or more members of the expanded affiliated group own more than 50% (by vote and value) of the interests of the partnership.

If the Company is treated as a United States corporation for United States federal income tax purposes under section 7874 of the United States Tax Code (which is considered likely, although no definitive determination of this matter has been reached, and no tax ruling has been sought or obtained in this regard), the Company would be considered a United States tax resident and subject to United States federal income tax on its worldwide income. However, for Canadian tax purposes, the Company is expected, regardless of any application of section 7874 of the United States Tax Code, to be treated as a Canadian resident Company (as defined in the Tax Act) for Canadian income tax purposes. As a result, if the Company is considered a United States corporation under section 7874, the Company would be subject to taxation both in Canada and the United States which could have a material adverse effect on its financial condition and results of operations. In addition, any distributions paid by the Company to a holder of Common Shares may be subject to United States withholding tax as well as any applicable Canadian withholding tax. A Non-United States Holder may also be subject to United States tax, including withholding tax, on disposition of its Common Shares.

Passive Foreign Investment Company.

There is a risk that the Company may, in the future, be construed as a passive foreign investment Company (“PFIC”). If the Company is a PFIC, its shareholders in the U.S. are likely subject to adverse U.S. tax consequences. Under U.S. federal income tax laws, if a Company is a PFIC for any year, it could have adverse U.S. federal income tax consequences to a U.S. shareholder with respect to its investment in Common Shares. The Company may earn royalty and franchise revenue which may be treated as passive income unless the royalty and franchise revenue is derived in the active conduct of a trade or business. Assessing whether royalty or franchise revenue received by the Company and its subsidiaries is derived in the active conduct of a trade or business involves substantial factual and legal ambiguity. Based on current business plans and financial expectations, the Company expects that it will not be a PFIC for its current tax year. PFIC classification is fundamentally factual in nature, generally cannot be determined until the close of the tax year in question, and is determined annually. Furthermore, because PFIC determinations are made annually, it is possible that the Company will meet the requirements to be treated as a PFIC in one or more years, but not meet such requirements in other years. U.S. shareholders should consult their own tax advisors regarding the potential adverse tax consequences to owning PFIC stock, and whether they are able to and should make any elections or take other actions to mitigate such potential adverse tax consequences.

If the Company is deemed to be an investment Company under the United States Investment Company Act of 1940, as amended (the “Investment Company Act”), it may be required to institute burdensome compliance requirements and its activities may be restricted.

The Company intends to conduct its operations so that it is not required to register as an investment Company under the Investment Company Act. Section 3(a)(1)(C) of the Investment Company Act defines an investment Company as any Company that is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire investment securities having a value exceeding 40.0% of the value of the Company’s total assets (exclusive of government securities and cash items) on an unconsolidated basis. However, any Company primarily engaged, directly or through a wholly-owned subsidiary or subsidiaries, in a business or businesses other than that of investing, reinvesting, owning, holding, or trading in securities is exempt from the requirements of the Investment Company Act under Section 3(b)(1).

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If the Company is deemed to be an investment Company under the Investment Company Act, its activities may be restricted, including restrictions on the nature of the Company's investments and restrictions on the issuance of securities. In addition, the Company may have imposed upon it burdensome requirements, including:

- registration as an investment Company;
- adoption of a specific form of corporate structure; and
- reporting, record keeping, voting, proxy and disclosure requirements and other rules and regulations.

In sum, if the Company were to be characterized as an investment Company, the inability of the Company to satisfy such regulatory requirements, whether on a timely basis or at all, could, under certain circumstances, have a material adverse effect on the Company and its ability to continue pursuing its business plan could be limited.

The Company's Common Shares are considered to be penny stock, which may adversely affect the liquidity of its Common Shares.

The capital stock of the Company would be classified as "penny stock" as defined in Reg. § 240.3a51-1 promulgated under the Securities Exchange Act of 1934 (the "1934 Act"). In response to perceived abuse in the penny stock market generally, the 1934 Act was amended in 1990 to add new requirements in connection with penny stocks. In connection with effecting any transaction in a penny stock, a broker or dealer must give the customer a written risk disclosure document that (a) describes the nature and level of risk in the market for penny stocks in both public offerings and secondary trading, (b) describes the broker's or dealer's duties to the customer and the rights and remedies available to such customer with respect to violations of such duties, (c) describes the dealer market, including "bid" and "ask" prices for penny stock and the significance of the spread between the bid and ask prices, (d) contains a toll-free telephone number for inquiries on disciplinary histories of brokers and dealers, and (e) define significant terms used in the disclosure document or the conduct of trading in penny stocks. In addition, the broker-dealer must provide to a penny stock customer a written monthly account statement that discloses the identity and number of shares of each penny stock held in the customer's account, and the estimated market value of such shares. The extensive disclosure and other broker-dealer compliance related to penny stocks may result in reducing the level of trading activity in the secondary market for such stocks, thus limiting the ability of the holder to sell such stock.

Additional financing.

The continued development of the Company will require additional financing. There is no guarantee that the Company will be able to achieve its business objectives. The Company intends to fund its future business activities by way of additional offerings of equity and/or debt financing as well as through anticipated positive cash flow from operations in the future. The failure to raise or procure such additional funds or the failure to achieve positive cash flow could result in the delay or indefinite postponement of current business objectives. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on terms acceptable to the Company. If additional funds are raised by offering equity securities, existing shareholders could suffer significant dilution. Any debt financing secured in the future could involve the granting of security against assets of the Company and also contain restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. The Company will require additional financing to fund its operations until positive cash flow is achieved.

The Company's access to both public and private capital and its ability to access financing to support continuing operations and investments may be further restricted due to uncertainty and the changing nature of the marijuana regulatory environment in jurisdictions in which the Company operates.

Investments may be pre-revenue.

The Company has made and may make future investments in entities that have no significant sources of operating cash flow and no revenue from operations. As such, the Company's investments are subject to risks and uncertainties including the risk that the Company's investments will not be able to:

- implement or execute their current business plan, or create a business plan that is sound;
- maintain their anticipated management team; and/or
- raise sufficient funds in the capital markets or otherwise to effectuate their business plan.

If the Company's investments cannot execute any one of the foregoing, their businesses may fail, which could have a materially adverse impact on the business, financial condition and operating results of the Company.

Lack of control over operations of investments.

The Company relies on its investments to execute on their business plans and to produce medical and/or recreational cannabis products, and holds contractual rights and minority equity interests relating to the operation of the Company's investments. The operators of the Company's investments have significant influence over the results of operations of the Company's investments. Further, the interests of the Company and the operators of the Company's investments may not always be aligned. As a result, the cash flows of the Company are dependent upon the activities of third parties which creates the risk that at any time those third parties may: (i) have business interests or targets that are inconsistent with those of the Company; (ii) take action contrary to the Company's policies or objectives; (iii) be unable or unwilling to fulfill their obligations under their agreements with the Company; or (iv) experience financial, operational or other difficulties, including insolvency, which could limit or suspend a third party's ability to perform its obligations. In addition, payments may flow through the Company's investments, and there is a risk of delay and additional expense in receiving such revenues. Failure to receive payments in a timely fashion, or at all, under the agreements to which the Company is entitled may have a material adverse effect on the Company. In addition, the Company must rely, in part, on the accuracy and timeliness of the information it receives from the Company's investments, and use such information in its analyses, forecasts and assessments relating to its own business. If the information provided by investment entities to the Company contains material inaccuracies or omissions, the Company's ability to accurately forecast or achieve its stated objectives, or satisfy its reporting obligations, may be materially impaired.

Private companies and illiquid securities.

The Company may invest in securities of private companies. In some cases, the Company may be restricted by contract or generally by applicable securities laws from selling such securities for a period of time. Such securities may not have a ready market and the inability to sell such securities or to sell such securities on a timely basis or at acceptable prices may impair the Company's ability to exit such investments when the Company considers it appropriate.

Unfavourable publicity or consumer perception.

The regulated cannabis industry in the United States and Canada is at an early stage of its development. The Company believes the medical and recreational cannabis industry is highly dependent on consumer perception regarding the safety and efficacy of recreational and medical cannabis. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of cannabis are mixed and evolving. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for cannabis and on the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding cannabis in general, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect on the business of the Company. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consumer such products legally, appropriately or as directed.

Public opinion and support for medical and recreational cannabis use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. Legalization of medical and recreational cannabis remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, legalization of medical marijuana as opposed to legalization in general).

Limited operating history.

Since March 1997, when it was created by amalgamation, the Company has not had any earnings from operations. The Company has operated at a loss to date and may continue to sustain operating losses for the foreseeable future. There is no assurance that the Company will ever be profitable. Therefore, it is difficult for investors to evaluate the Company's operations and prospects which may increase the risks associated with an investment in the Company.

Although the Company has generated revenue from its investments and subsidiaries, many of the investments will only start generating revenues in future periods and, accordingly, the Company is therefore expected to remain subject to many of the risks common to early-stage enterprises for the foreseeable future, including challenges related to laws, regulations, licensing, integrating and retaining qualified employees; making effective use of limited resources; achieving market acceptance of existing and future solutions; competing against companies with greater financial and technical resources; acquiring and retaining customers; and developing new solutions. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Competition.

The Company competes with other companies for financing and investment opportunities in the cannabis industry. Some of these companies may possess greater financial resources than the Company. Such competition may result in the Company being unable to enter into desirable strategic agreements or similar transactions, to recruit or retain qualified employees or to acquire the capital necessary to fund its investments. Existing or future competition in the cannabis industry, including, without limitation, the entry of large multinational entities into the industry, could materially adversely affect the Company's prospects for entering into additional agreements in the future. In addition, the Company currently competes with other cannabis streaming and royalty companies, some of which may possess greater financial resources than the Company.

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and experience than the Company. Increased competition by larger and better financed competitors, including competitors to the Company's investments, could materially and adversely affect the business, financial condition and results of operations of the Company. It is possible that larger competitors could establish price setting and cost controls which would effectively "price out" certain of the Company's investments operating within and in support of the medical and recreational cannabis industry.

Because of the early stage of the industry in which the Company will operate, the Company expects to face additional competition from new entrants. To become and remain competitive, the Company will require research and development, marketing, sales and support. The Company may not have sufficient resources to maintain research and development, marketing, sales and support efforts on a competitive basis, which could materially and adversely affect the business, financial condition and results of operations of the Company.

Banking.

Since the production and possession of cannabis is currently illegal under U.S. federal law, it is possible that banks may refuse to open bank accounts for the deposit of funds from businesses involved with the cannabis industry. The inability to open bank accounts with certain institutions could materially and adversely affect the business of the Company.

Currency fluctuations.

Certain revenues and expenses of the Company are expected to be generated in U.S. dollars, and therefore may be exposed to significant currency exchange fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. Fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar may have a material adverse effect on the Company's business, financial condition and operating results. CordovaCann may, in the future, establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements; however, there can be no assurance that such a program will effectively mitigate currency risks.

Risks associated with strategic transactions.

As part of the Company's overall business strategy, the Company intends to pursue select strategic acquisitions, leasing and lending transactions and licensing agreements which would provide additional product offerings, vertical integrations, additional industry expertise, and a stronger industry presence in both existing and new jurisdictions. The success of any such strategic transactions will depend, in part, on the ability of the Company to realize the anticipated benefits and synergies from integrating the Company's investments into the businesses of the Company. Future strategic actions may expose it to potential risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; (c) the diversion of resources from the Company's existing business and technology; (d) potential inability to generate sufficient revenue to offset new costs; (e) the expenses of acquisitions; and (f) the potential loss of or harm to relationships with both employees and existing users resulting from its integration of new businesses. In addition, any proposed acquisitions may be subject to regulatory approval.

While the Company intends to conduct reasonable due diligence in connection with such strategic transactions, there are risks inherent in any transaction. Specifically, there could be unknown or undisclosed risks or liabilities of such companies for which the Company is not sufficiently indemnified. Any such unknown or undisclosed risks or liabilities could materially and adversely affect the Company's financial performance and results of operations. The Company could encounter additional transaction and integration related costs or other factors such as the failure to realize all of the benefits from the strategic actions. All of these factors could cause dilution to the Company's earnings per share or decrease or delay the anticipated accretive effect of the transaction and cause a decrease in the market price of the Company's Common Shares.

Bankruptcy or insolvency of investments.

There is no guarantee that the Company will be able to effectively enforce any interests it may have in the Company's investments. A bankruptcy or other similar event related to an investment of CordovaCann that precludes a party from performing its obligations under an agreement may have a material adverse effect on the Company. Furthermore, as an equity investor, should an investment have insufficient assets to pay its liabilities, it is possible that other liabilities will be satisfied prior to the liabilities owed to the Company. In addition, bankruptcy or other similar proceedings are often a complex and lengthy process, the outcome of which may be uncertain and could result in a material adverse effect on the Company.

Research and market development.

Although the Company, itself and through its investments, is committed to researching and developing new markets and products and improving existing products, there can be no assurances that such research and market development activities will prove profitable or that the resulting markets and/or products, if any, will be commercially viable or successfully produced and marketed. The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical and recreational cannabis industry in North America.

The Company is operating its business in a relatively new medical and recreational cannabis industry and market. Accordingly, there are no assurances that this industry and market will continue to exist or grow as currently estimated or anticipated, or function and evolve in a manner consistent with management's expectations and assumptions. Any event or circumstance that affects the recreational or medical cannabis industry or market could have a material adverse effect on the Company's business, financial condition and results of operations. Due to the early stage of the regulated cannabis industry, forecasts regarding the size of the industry and the sales of products by the Company's investments are inherently difficult to prepare with a high degree of accuracy and reliability. A failure in the demand for products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company's investments, and consequently, the Company.

Reliance on management.

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. In addition, the Company's lean management structure may be strained as the Company pursues growth opportunities in the future. The loss of the services of such individuals or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on the Company's ability to execute on its business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all.

CordovaCann's future success depends substantially on the continued services of its executive officers, consultants and advisors. If one or more of its executive officers or key personnel were unable or unwilling to continue in their present positions, the Company might not be able to replace them easily or at all. In addition, if any of its executive officers or key employees joins a competitor or forms a competing Company, the Company may lose know-how, key professionals and staff members. These executive officers and key employees could compete with and take customers away which could materially and adversely affect the Company's prospects, financial performance and results of operations.

Operation permits and authorizations.

The Company's investments may not be able to obtain or maintain the necessary licenses, permits, authorizations or accreditations, or may only be able to do so at great cost, to operate their respective businesses. In addition, the Company's investments may not be able to comply fully with the wide variety of laws and regulations applicable to the cannabis industry. Failure to comply with or to obtain the necessary licenses, permits, authorizations or accreditations could result in restrictions on an investment's ability to operate in the cannabis industry, which could have a material adverse effect on the Company's business.

Litigation.

CordovaCann may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the market price for the Common Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant resources. Litigation may also create a negative perception of the Company.

Liability, enforcement complaints, etc.

CordovaCann's participation in the cannabis industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various federal, state, or local governmental authorities into or against the Company or its investments. Litigation, complaints, and enforcement actions involving either of the Company or its investments could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

Product liability.

Certain of the Company's investments manufacture, process and/or distribute products designed to be ingested by humans, and therefore face an inherent risk of exposure to product liability claims, regulatory action and litigation if products are alleged to have caused significant loss or injury. In addition, previously unknown adverse reactions resulting from human consumption of cannabis alone or in combination with other medications or substances could occur. A product liability claim or regulatory action against an investment entity of CordovaCann could result in increased costs, could adversely affect the Company's reputation, and could have a material adverse effect on the results of operations and financial condition of the Company.

Reliance on key inputs.

The cultivation, extraction and processing of cannabis and derivative products is dependent on a number of key inputs and their related costs including raw materials, electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Company's investments. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the relevant investment entity might be unable to find a replacement for such source in a timely manner or at all. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of an investment, and consequently, the Company.

Price volatility of publicly traded securities.

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares of CordovaCann will be subject to market trends generally, notwithstanding any potential success of CordovaCann in creating revenues, cash flows or earnings. The value of the Common Shares would be affected by such volatility. An active public market for the Company's Common Shares might not develop or be sustained. If an active public market for the Company's Common Shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline.

Management of growth.

CordovaCann may experience a period of significant growth in the number of personnel that may place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key personnel to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train, motivate and manage the workforce. CordovaCann's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

Dividends.

CordovaCann has not paid dividends in the past and the Company does not anticipate paying any dividends in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

Any decision to declare and pay dividends in the future will be made at the discretion of the Company's Board of Directors and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the Company's Board of Directors may deem relevant. As a result, investors may not receive any return on an investment in the Common Shares unless they sell their Common Shares for a price greater than that which such investors paid for them.

Risk factors related to dilution.

The Company may issue additional securities in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Common Shares. The directors of the Company have discretion to determine the price and the terms of further issuances. Moreover, additional Common Shares will be issued by the Company on the exercise of options under the Company's Option Plan and upon the exercise of outstanding warrants.

Intellectual property and proprietary protection.

The success of the Company will depend, in part, on the ability of the Company and the Company's investments to maintain, enhance and protect its intellectual property, including various existing and potential proprietary techniques and processes. The Company and the Company's investments may be vulnerable to competitors who develop competing technology, whether independently or as a result of acquiring access to the proprietary products and trade secrets of the Company or the Company's investments. In addition, effective future patent, copyright and trade secret protection may be unavailable or limited in certain foreign countries and may be unenforceable under the laws of certain jurisdictions.

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The Company relies on a combination of laws and contractual provisions to establish and protect its rights in its intellectual property. There can be no assurance that the steps taken to protect proprietary rights will be adequate to deter misappropriation of intellectual property or technology. The Company may face claims alleging infringement of intellectual property rights held by others. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, result in injunctions, temporary restraining orders and/or require the payment of damages. An adverse determination in legal proceedings, a costly litigation process or a costly settlement could have a material adverse effect on the Company's business, prospects, revenues, operating results and financial condition.

Insurance coverage.

CordovaCann currently does not have sufficient insurance coverage. The Company is likely to require insurance coverage in the future. There can be no assurance that adequate insurance coverage will be available to the Company in the future, or that if available, that such insurance will be obtainable by the Company at a commercially justifiable premium. There also can be no assurance that any insurance coverage obtained by the Company will be sufficient to cover claims to which the Company may become subject. If insurance coverage is unavailable to cover any such claims, the Company's financial resources, results of operations and prospects could be adversely affected. If the Company were to incur substantial liability and such damages were in excess of policy limits, there could be a material adverse effect on the Company's business, financial condition and results of operations.

Operational risks.

CordovaCann and its investments may be affected by a number of operational risks and may not be adequately insured for certain risks, including: labour disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Company's investments' properties, grow facilities and extraction facilities, personal injury or death, environmental damage, adverse impacts on the Company's investments' operations, costs, monetary losses, potential legal liability and adverse governmental action, any of which could have an adverse impact on the Company's future cash flows, earnings and financial condition on the Company. Also, the Company's investments may be subject to or affected by liability or sustain loss for certain risks and hazards against which they may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Costs of maintaining a public listing.

As a public company, there are costs associated with legal, accounting and other expenses related to regulatory compliance. Securities legislation and the rules and policies of securities exchanges require listed companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material information, all of which add to a company's legal and financial compliance costs. CordovaCann may also elect to devote greater resources than it otherwise would have on communication and other activities typically considered important by publicly traded companies.

Holding Company.

CordovaCann is a holding Company and essentially all of its assets are the capital stock of its material subsidiaries. As a result, investors in CordovaCann are subject to the risks attributable to its subsidiaries. Consequently, CordovaCann's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and investments and the distribution of those earnings to CordovaCann. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing any debt arrangements. In the event of a bankruptcy, liquidation or reorganization of any of CordovaCann's material subsidiaries, holders of indebtedness and trade creditors may be entitled to payment of their claims from the assets of those subsidiaries before CordovaCann.

Difficulty implementing business strategy.

The growth and expansion of the Company is heavily dependent upon the successful implementation of its business strategy. There can be no assurance that the Company will be successful in the implementation of its business strategy.

Conflicts of interest.

Certain of the Company's directors and officers are, and may continue to be, involved in other business ventures through their direct and indirect participation in, among other things, corporations, partnerships and joint ventures, that may become potential competitors of the technologies, products and services the Company intends to provide. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from the Company's interests. In accordance with applicable corporate law, directors who have a material interest in or who are parties to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the transaction. In addition, the directors and officers are required to act honestly and in good faith with a view to the Company's best interests. However, in conflict of interest situations, the Company's directors and officers may owe the same duty to another Company and will need to balance their competing interests with their duties to the Company. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to the Company.

Resale of Common Shares.

Although the Common Shares are listed on the CSE and the OTCQB, there can be no assurance that an active and liquid market for the Common Shares will develop or be maintained and an investor may find it difficult to resell any securities of the Company. In addition, there can be no assurance that the publicly-traded stock price of the Company will be high enough to create a positive return for investors. Further, there can be no assurance that the Common Shares will be sufficiently liquid so as to permit investors to sell their position in the Company without adversely affecting the stock price. In such event, the probability of resale of the Common Shares would be diminished.

Reliance on Established Cannabis Retail Stores

The Company's retail cannabis operations require retail store authorizations, which are held by the Company specific to individual cannabis retail stores. Any adverse changes or disruptions to the functionality, security and operation of the Company's sites or any other form of non-compliance may place the retail store authorizations held by the Company at risk. As the business continues to grow, any expansion to or update of the current operating cannabis retail stores of the Company, or the introduction of new cannabis retail stores, will require the approval of the applicable cannabis regulatory authority. There can be no guarantee that the applicable cannabis regulatory authority will approve any such expansions and/or renovations, which could have a have an adverse impact on the Company.

ITEM 4 - INFORMATION ON THE COMPANY

(A) HISTORY AND DEVELOPMENT OF THE COMPANY

CordovaCann was originally named "Biolink Corp." and was formed as a result of an amalgamation completed between "Biolink Corp.", "1149250 Ontario Inc." and "I.D. Investments Inc." under the *Business Corporation Act* (Ontario) ("OBCA") on March 18, 1997. In connection with a number of corporate reorganizations, the Company changed its name to "First Empire Entertainment.com Inc.", "First Empire Corporation Inc.", "Noble House Entertainment Inc." and "Live Reel Media Corporation". On October 20, 2006, the Company completed its continuance from the OBCA to the *Business Corporation Act* (Canada) and concurrently changed its name from "Live Reel Media Corporation" to "LiveReel Media Corporation". On January 3, 2018, the Company changed its name to its current name, "CordovaCann Corp."

The Company is a "reporting issuer" in the Province of Ontario, Canada which is governed by the Ontario Securities Commission. The Company's common shares are listed for trading on the Canadian Securities Exchange (the "CSE") under the symbol "CDVA". Furthermore, the Company is also a fully reporting OTC Markets company and its common shares are currently listed and trade on the OTCQB under the trading symbol "LVRLF". CordovaCann's head office and registered office is located at 217 Queen Street West, Suite 401, Toronto, Ontario, M5V 0R2.

The Company takes a holistic approach to working with its partners throughout North America to build a network of cannabis operations on its multi-jurisdictional platform. CordovaCann owns operations in the United States in Oregon and Washington and has built a chain of cannabis retail stores in Canada with locations in Ontario and Manitoba.

Transaction Summaries

Summary of Investment in 2734158 Ontario Inc.

On May 19, 2020, the Company completed the purchase of its initial stake of 2734158 Ontario Inc. (“273”), an arm’s length Ontario-based cannabis retail venture (the “Ontario Transaction”). Cordova invested seven hundred twenty-three thousand dollars (\$723,000) in 273 in exchange for 50.1% of 273. Cordova invested two hundred thousand dollars (\$200,000) for 21.7% of 273 at the close of the Transaction, and invested (i) two hundred thousand dollars (\$200,000) on June 14, 2020, (ii) two hundred thousand dollars (\$200,000) on July 14, 2020, and (iii) one hundred twenty-three thousand dollars (\$123,000) on August 13, 2020, which collectively gave the Company ownership of 50.1% of 273 after all payments were made. The Transaction is subject to approval from the Alcohol and Gaming Commission of Ontario and compliance with all applicable laws, rules and regulations. Cordova holds 4 of 6 board seats of 273 and has a right of first refusal on any future sale of primary or secondary shares in 273. The retail stores are operated by 273 under the Star Buds brand name, and Cordova is leveraging its assets of Starbuds International Inc. to provide 273 with retail store designs and layouts, standard operating procedures, staff training, financing resources and systems support. On September 17, 2020, the Company acquired an additional 10.35% of the common shares of 273 not previously owned by Cordova (the “Additional Shares”) bringing its accumulated ownership of 273 to 60.45%. The total purchase price for the Additional Shares amounted to \$305,267, of which \$265,975 was paid during the year ended June 30, 2021 and the remainder \$39,292 was paid during the three months ended September 30, 2021.

Summary of Manitoba Transaction

On December 2, 2020, the Company, through its wholly owned subsidiary Cordova Investments Canada, Inc., completed the purchase of a 51% stake in 10062771 Manitoba Ltd. (“Manitoba Ltd.”) a Manitoba-based cannabis retail venture (the “Manitoba Transaction”). The purchase price for the shares was one hundred fifty thousand dollars (\$150,000) payable to Manitoba Ltd. and six million (6,000,000) warrants of the Company to be granted to the current shareholders of Manitoba Ltd., with each warrant entitling the holder thereof to purchase one common share in the capital of the Company at an exercise price of \$0.32 until November 30, 2022. In addition, the Company has agreed to loan up to one hundred fifty thousand dollars (\$150,000) to Manitoba Ltd. to enable the opening of the second store in Manitoba. The stores will be operated by Manitoba Ltd. under the Star Buds brand name, and the Company will provide the financing resources and systems support as needed. The Company also has a right of first refusal regarding any future primary issuance or secondary sale of shares of Manitoba Ltd., and has a call option to purchase all of the outstanding equity interests of Manitoba Ltd. at any time following the two-year anniversary of the closing date at a valuation equivalent to four times the trailing twelve months normalized EBITDA of Manitoba Ltd.

Summary of Oregon Transaction

On August 4, 2021, the Company, through its wholly-owned subsidiary, Cordova OR Operations, LLC (“OR Operations”) sold all of its land, building and equipment (the “Oregon Property”) for US \$2,200,000 and entered into an agreement to lease the Oregon Property from the buyer (the “Sale Leaseback”). The Sale Leaseback will allow the Company to operate the Oregon Property for ten years, and provides options for two subsequent ten-year renewal periods. Proceeds from the sale were used to retire debts related to the Oregon Property and finance the planned Oregon expansion. A total of US \$600,000 of the purchase price has been placed in escrow by the buyer to allow the Company to complete its buildout of the facility. The Sale Leaseback commenced on August 1, 2021.

Summary of Washington Transaction

On February 26, 2021, Cordova WA entered into an agreement to acquire 100% of Extraction Technologies, LLC (“Extraction Tech”), a Washington-based company that provides cannabis extraction services to multiple cannabis licensed processors and will enable Cordova to provide manufactured cannabis products on both a white label and branded basis throughout the state of Washington. Extraction Tech owns a manufacturing building, processing equipment and contracts with tolling and white label customers. The consideration for the Transaction was three million (3,000,000) common shares of the Company on the closing date and an earnout payment of five hundred thousand (500,000) common shares of the Company for every \$125,000 US dollars in EBITDA generated by Extraction Tech during the 12-month period beginning on the 3-month anniversary of the closing date and ending of the 15-month anniversary of the closing date. The maximum earnout payment that could be paid for the acquisition of Extraction Tech was four million (4,000,000) common shares.

(B) BUSINESS OVERVIEW

CordovaCann Corp. is headquartered in Toronto, Canada and specializes in identifying, funding, developing and managing operations throughout the cannabis value chain. The Company takes a holistic approach to working with its partners throughout North America to build a network of cannabis operations on its multi-jurisdictional platform. CordovaCann owns operations in the United States in Oregon and Washington and has built a chain of cannabis retail stores in Canada with locations in Ontario and Manitoba. On January 3, 2018, the Company changed its name from LiveReel Media Corporation to CordovaCann Corp. The Company’s principal address is 217 Queen Street West, Suite 401, Toronto, Ontario, M5V 0R2.

The Company’s common shares (the “Common Shares”) currently trade on the Canadian Securities Exchange under the symbol “CDVA” and in the United States on the OTCQB under the symbol “LVRLF”.

The Company has the following three-pronged strategy to approach the cannabis marketplace:

Retail

The Company’s retail business in Canada now has 11 stores across two provinces and it is looking to establish a footprint in the United States. The Company’s current stores have compelling store unit economics, where stores are quickly profitable and have an investment payback of twelve months or less after opening. Cordova primarily targets markets where the stores become part of the fabric of the communities around them, thus creating a loyal customer base for its stores. The Company continues to focus on expanding in profitable markets going forward including pursuing successful one-off retailers and small chains at valuations that are very accretive to the base.

White Label Manufacturing

The Company is focused on establishing white-label manufacturing of cannabis products to aid in the geographic proliferation of strong cannabis brands. Cordova plans on partnering with the best brands in its jurisdictions to lower the cost of production and accelerate the time to additional markets. Outsourcing manufacturing allows brands to focus on increasing audience size and share, while still dictating the production process. Cordova plans to attract these brands via its geographically diversified production facilities, which will enable brands to enter multiple new states at once.

Niche Cannabis Brands

The third key sector of focus for Cordova is developing or acquiring niche brands that have cult-like followings that can be introduced to new markets. Most significant cannabis brands have neglected the opportunity to expand geographically. The potential to create national brands is expected to accelerate with the anticipated upcoming federal legalization and Cordova has the ability to leverage investments in white label manufacturing and larger retail chains to drive brand awareness and increase brand profitability.

Competition

The Company competes with other companies for financing and investment opportunities in the cannabis industry. Some of these companies may possess greater financial resources than the Company. Such competition may result in the Company being unable to enter into desirable strategic agreements or similar transactions, to recruit or retain qualified employees or to acquire the capital necessary to fund its investments. Existing or future competition in the cannabis industry, including, without limitation, the entry of large multinational entities into the industry, could materially adversely affect the Company's prospects for entering into additional agreements in the future. In addition, the Company currently competes with other cannabis streaming and royalty companies, some of which may possess greater financial resources than the Company.

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and experience than the Company. Increased competition by larger and better financed competitors, including competitors to the Company's investments, could materially and adversely affect the business, financial condition and results of operations of the Company. It is possible that larger competitors could establish price setting and cost controls which would effectively "price out" certain of the Company's investments operating within and in support of the medical and recreational cannabis industry.

Because of the early stage of the industry in which the Company will operate, the Company expects to face additional competition from new entrants. To become and remain competitive, the Company will require research and development, marketing, sales and support. The Company may not have sufficient resources to maintain research and development, marketing, sales and support efforts on a competitive basis, which could materially and adversely affect the business, financial condition and results of operations of the Company.

(C) ORGANIZATIONAL STRUCTURE

The following table presents the corporate subsidiaries and the respective percentage ownership of the Company (the "Subsidiaries") as at June 30, 2024:

Subsidiary Name	Jurisdiction of Incorporation	Percentage of Ownership
CordovaCann Holdings Canada, Inc.	Ontario (Canada)	100%
Cordova Investments Canada, Inc.	Ontario (Canada)	100%
2734158 Ontario Inc.	Ontario (Canada)	60.45%
10062771 Manitoba Ltd.	Manitoba (Canada)	51.00%
CordovaCann Holdings, Inc.	Delaware (USA)	100%
Cordova CO Holdings, LLC	Colorado (USA)	100%
Cordova CA Holdings, LLC	California (USA)	100%
CDVA Enterprises, LLC	California (USA)	100%
Extraction Technologies, LLC	Washington (USA)	100%
Cordova WA Holdings, LLC	Washington (USA)	100%
Cordova MA Holdings, Inc.	Massachusetts (USA)	100%
Cordova OR Holdings, LLC	Oregon (USA)	100%
Cordova OR Operations, LLC	Oregon (USA)	100%
Cannabilt Holdings, Inc.	Oregon (USA)	100%
Cannabilt Farms, LLC	Oregon (USA)	100%
Cannabilt OR Retail, LLC	Oregon (USA)	100%
Future Processing, LLC	Oregon (USA)	100%

Note:

- (1) 2734158 Ontario Inc is a 60.45% subsidiary of Cordova Investments Canada, Inc.
- (2) 10062771 Manitoba Ltd. is a 51% subsidiary of Cordova Investments Canada, Inc.
- (3) Cordova CO Holdings, LLC is a 100% subsidiary of CordovaCann Holdings, Inc.
- (4) Cordova CA Holdings, LLC is a 100% subsidiary of CordovaCann Holdings, Inc.
- (5) CDVA Enterprises, LLC is a 100% subsidiary of CordovaCann Holdings, Inc.

- (6) Extraction Technologies, LLC is a 100% subsidiary of Cordova WA Holdings, LLC
- (7) Cordova WA Holdings, LLC is a 100% subsidiary of CordovaCann Holdings, Inc.
- (8) Cordova OR Holdings, LLC is a 100% subsidiary of CordovaCann Holdings, Inc.
- (9) Cordova OR Operations, LLC is a 100% subsidiary of Cordova OR Holdings, LLC.
- (10) Cannabilt Holdings, Inc. is a 100% subsidiary of CordovaCann Holdings, Inc.
- (11) Cannabilt Farms, LLC is a 100% subsidiary of Cannabilt Holdings, Inc.
- (12) Cannabilt OR Retail, LLC is a 100% subsidiary of Cannabilt Holdings, Inc.
- (13) Future Processing, LLC is a 100% subsidiary of Cannabilt Holdings, Inc.
- (14) Cordova MA Holdings, Inc. is a 100% subsidiary of CordovaCann Corp.

(D) PROPERTY PLANT AND EQUIPMENT

The Company's leased property relates to leased real estate held in its subsidiaries, 2734158 Ontario Inc., 10062771 Manitoba Ltd. and Cordova OR Operations, LLC. The Company previously held leased real estate in Cordova Investments Canada, Inc., which were terminated during the year ended June 30, 2023.

The Company owns real property through its wholly-owned subsidiary, Extraction Tech in relation to land and building.

The Company's registered office is 217 Queen Street West, Suite 401, Toronto, Ontario, Canada, M5V 0R2. It is not charged monthly rent under this arrangement.

ITEM 5 - OPERATING AND FINANCIAL REVIEW AND PROSPECTS

(A) OPERATING RESULTS

The following discussion should be read in conjunction with the annual audited consolidated financial statements of the Company and notes thereto contained elsewhere in this report. The following is stated in CAD.

Results of operations

For the Years Ending June 30,

	2024	2023	2022
	\$	\$	\$
Revenue	13,797,150	13,594,706	13,526,084
Cost of sales	9,720,238	9,733,113	9,798,408
Expenses	4,718,872	6,341,323	6,900,396
Other expense (income)	383,396	4,404,580	811,109
Net loss for year	(1,275,056)	(6,917,910)	(4,023,466)
Net loss per share	(0.01)	(0.06)	(0.04)

Revenue

Revenue for the year ended June 30, 2024 amounted to \$13,797,150, as compared to \$13,594,706 and \$13,526,084, respectively for the years ended June 30, 2023 and 2022. Revenue is primarily related to the cannabis retail operations of the Company in the provinces of Ontario and Manitoba. The increase in the Company's revenue year over year, despite the closures of the Western Canada stores, was due to the increase in same store sales in its Ontario and Manitoba locations during fiscal 2024.

Cost of Sales and Gross Margin

During the year ended June 30, 2024, the Company's incurred cost of sales in the amount \$9,720,238 and realized gross margin of \$4,076,912 (June 30, 2023 – \$9,733,113 and \$3,861,593, respectively; June 30, 2022 – \$9,798,408 and \$3,727,676, respectively). The cost of goods sold and respective gross margin was primarily related to its retail operations in Canada. The slight increase in gross margin is due to the closure of its unprofitable stores in Western Canada as discussed above, which resulted in a positive impact on the Company's gross margin and the Company had a growth in margin from its Ontario retail stores.

Expenses

The Company incurred the following operating expenses over the years ended June 30, 2024, 2023 and 2022:

	2024	2023	2022
	\$	\$	\$
Salaries and wages	1,823,978	2,336,569	2,183,630
Consulting fees	690,033	1,005,312	1,289,457
Office and general	516,557	1,022,545	1,145,361
Leases and utilities	315,220	327,331	470,996
Shareholders information services	232,127	231,971	249,099
Professional fees	198,738	213,188	268,055
Amortization of right-of-use assets	491,705	694,730	782,108
Depreciation	318,599	345,095	345,188
Amortization of licenses	131,915	164,582	164,582
Share based compensation	-	-	1,920
	4,718,872	6,341,323	6,900,396

The overall analysis of the key expenses above is as follows:

Salaries and wages

Salaries and wages for the year ended June 30, 2024 amounted to \$1,823,978 (June 30, 2023 - \$2,336,569; June 30, 2022 - \$2,183,630). The salaries and wages expenses are primarily related to the employees hired for the Company's retail cannabis operations in Ontario and Manitoba locations. The reduction in the expense year over year is due the closure of retail store operations in Western Canada which resulted in decreased labour costs.

Consulting fees

Consulting fees for the year ended June 30, 2024 amounted to \$690,033 (June 30, 2023 - \$1,005,312; June 30, 2022 - \$1,289,457). Consulting fees relates to fees accrued for the officers of the Company and other consultants that support the Company. The decrease in consulting fees year over year is partially due to the closure of retail store operations in Western Canada and also related to the Company reducing certain historic month-to-month consulting contracts.

Office and general

Office and general for the year ended June 30, 2024 amounted to \$516,557 (June 30, 2023 - \$1,022,545; June 30, 2022 - \$1,145,361). Office and general costs were primarily comprised of administrative, travel and other expenses incurred by the Company and its employees and consultants along with merchant fees associated with its retail operations. The decrease year over year is mainly due to the Western Canada store closures.

Leases and utilities

Leases and utilities for the year ended June 30, 2024 amounted to \$315,220 (June 30, 2023 - \$327,331; June 30, 2022 - \$470,996). Lease and utilities expenses are related to the Company's retail platforms. The stable expenses, despite the closure of the Western Canada stores, was due to some of the historic utility bills being billed to the Company along with overall increases in utility expenses in Ontario and Manitoba.

Shareholder information services

Shareholders information services for the year ended June 30, 2024 amounted to \$232,127 (June 30, 2023 - \$231,971; June 30, 2022 - \$249,099). Shareholder information services during the respective periods include director fees, transfer agent fees, other filing fees and investor relation services.

Professional fees

Professional fees for the year ended June 30, 2024 amounted to \$198,738 (June 30, 2023 - \$213,188; June 30, 2022 - \$268,055). Professional fees for during the respective periods comprised of audit and legal fees associated with the Company's compliance costs as a public entity.

Amortization of right-of-use assets

Amortization of right-of-use assets for the year ended June 30, 2024 amounted to \$491,705 (June 30, 2023 - \$694,730; June 30, 2022 - \$782,108). Amortization relates to the Company's retail leases entered into for its Ontario, Manitoba and Oregon locations. The decrease is attributed to the impairment of right-of-use assets during the year ended June 30, 2023, leading to a reduced amortization expense moving forward.

Depreciation

Depreciation for the year ended June 30, 2024 amounted to \$318,599 (June 30, 2023 - \$345,095; June 30, 2022 - \$345,188). Depreciation relates to the depreciation of tangible assets purchased for the Company's retail cannabis stores, and the Company's property in Washington.

Amortization of licenses

Amortization of licenses for the year ended June 30, 2024 amounted to \$131,915 (June 30, 2023 - \$164,582; June 30, 2022 - \$164,582). Amortization of licenses relates to the amortization of retail cannabis licenses acquired in the prior fiscal periods.

Other Expense (Income)

The Company incurred the following other expense (income) over the years ended June 30, 2024, 2023 and 2022:

	2024	2023	2022
	\$	\$	\$
Interest on lease liability	(332,687)	(473,136)	(531,768)
Interest expense	(244,189)	(529,473)	(308,877)
Other income	183,547	182,813	186,257
Foreign exchange gain	9,933	49,363	186,372
Accretion expense	-	(26,741)	(61,319)
Loss on convertible debentures	-	(218,567)	-
Impairment of assets	-	(1,030,537)	(211,774)
Impairment of intangible assets	-	(2,145,628)	-
Gain on extinguishment of lease	-	52,126	29,635
Allowance for loan receivable	-	(264,800)	-
Loss on settlement	-	-	(99,635)
	<u>(383,396)</u>	<u>(4,404,580)</u>	<u>(811,109)</u>

The overall analysis of the key other expense (income) above is as follows:

Interest on lease liability

Interest on lease liability for the year ended June 30, 2024 amounted to \$332,687 (June 30, 2023 - \$473,136; June 30, 2022 - \$531,768). Interest on lease liability relates primarily to the Company's Canadian leases in Ontario and Manitoba and its United States lease in Oregon. The decrease in interest on lease liability during the year ended June 30, 2024 is due to the closure of the Company's leased locations in Western Canada.

Interest expense

Interest expense for the year ended June 30, 2024 amounted to \$244,189 (June 30, 2023 - \$529,473; June 30, 2022 - \$308,877). Interest expense during the respective periods was primarily in relation to convertible debentures, promissory notes and mortgages issued. The decrease in the current year was due to the outstanding 2023 Demand Notes which did not have any interest charges in the current year.

Other income

Other income for the year ended June 30, 2024 amounted to \$183,547 (June 30, 2023 - \$182,813; June 30, 2022 - \$186,257). Other income is related to rental of the Company's Washington property and miscellaneous revenue earned from the operations.

Foreign exchange gain

Foreign exchange gain for the year ended June 30, 2024 amounted to \$9,933 (June 30, 2023 - \$49,363; June 30, 2022 - \$186,372). The foreign exchange gains during the respective periods were a result of the exchange rate fluctuations related to transactions based in United States Dollars.

Accretion expense

Accretion expense for the year ended June 30, 2024 amounted to \$nil (June 30, 2023 - \$26,741; June 30, 2022 - \$61,319). Accretion expense relates to the accreted interest on promissory notes. The decrease in accretion expense is due the repayment and maturity of these promissory notes during the year ended June 30, 2023.

Loss on convertible debentures

Loss on convertible debentures for the year ended June 30, 2024 amounted to \$nil (June 30, 2023 - \$218,567; June 30, 2022 – \$nil). Loss on convertible debentures relates to the reclassification of the equity portion of convertible debentures into a liability.

Impairment of assets

Impairment of assets for the year ended June 30, 2024 amounted to \$nil (June 30, 2023 – \$1,030,537; June 30, 2022 – \$211,774). The impairment was related to the closing of retail locations in Alberta and British Columbia and the related reduction in right-of-use Assets.

Impairment of intangible assets

Impairment of intangible assets for the year ended June 30, 2024 amounted to \$nil (June 30, 2023 - \$2,145,628; June 30, 2022 - \$nil). The intangible assets were partially impaired due to closure of retail locations in Alberta and British Columbia.

Gain on extinguishment of lease

Gain on extinguishment of lease for the year ended June 30, 2024 amounted to \$nil (June 30, 2023 - 52,126; June 30, 2022 – \$29,635). Net gain on extinguishment of leases was attributable to the closure of the Alberta and British Columbia retail locations which resulted in an extinguishment of lease liabilities and corresponding impairment of right of use assets.

Allowance for loan receivable

Allowance for loan receivable for the year ended June 30, 2024 amounted to \$nil (June 30, 2023 - 264,800; June 30, 2022 - \$nil). Allowance for loan receivable relates to an allowance on its advances for the acquisition of AuBio as a result of the Company's delayed payment schedule based on the initial arrangement.

(B) LIQUIDITY AND CAPITAL RESOURCES

Working Capital

As at June 30, 2024, the Company had total assets of \$9,553,495 (June 30, 2023 - \$10,263,706) consisting of the following:

	June 30, 2024	June 30, 2023
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	552,467	248,416
Restricted cash	-	171,405
Sales tax receivable	31,680	-
Accounts receivable	50,582	47,202
Prepaid expenses and deposits	186,979	209,493
Inventory	931,877	919,481
Other deposit	-	52,960
Total current assets	1,753,585	1,648,957
Property and equipment, net	2,632,505	2,880,863
Right-of-use assets	1,960,483	2,395,049
Intangible assets	3,098,339	3,098,339
Licenses	108,583	240,498
Total assets	9,553,495	10,263,706

The decrease in total assets from the comparative period was primarily a result of an ongoing changes in working capital and expected amortization and depreciation of the tangible and intangible assets during the period.

As at June 30, 2024, the Company had total liabilities of \$12,150,508 (June 30, 2023 - \$11,290,928) consisting of the following:

	June 30, 2024	June 30, 2023
	\$	\$
LIABILITIES		
Current		
Accounts payable and accrued liabilities	5,774,417	4,600,357
Mortgage payable	35,856	31,475
Income taxes payable	75,588	132,318
Contract liability	53,927	52,166
Sales tax payable	-	33,623
Lease liabilities	435,276	419,529
Convertible debentures	1,176,856	1,042,763
Promissory notes payable	1,620,273	1,569,253
Total current liabilities	9,172,193	7,881,484
Deferred tax liability	-	6,300
Mortgage payable	906,344	911,428
Contract liability	36,049	86,752
Lease liabilities	2,035,922	2,404,964
Total liabilities	12,150,508	11,290,928

The increase in liabilities during the comparative periods was primarily related to the increase in accounts payable and accrued liabilities, which is mainly related to management fee accruals, director accruals, and overall active management of such liabilities.

As at June 30, 2024, the Company had a working capital deficiency of \$7,418,608 as compared to a working capital deficiency of \$6,232,527 as at June 30, 2023. The Company's ability to continue as a going concern is dependent upon its ability to access sufficient capital until it has profitable operations. This uncertainty may cast significant doubt about the ability of the Company to continue as a going concern. To this point, all cashflow shortfall from operational activities and overhead costs have been funded through equity issuances, debt issuances and related party advances.

Cash Provided by (Used in) Operating Activities

During the year ended June 30, 2024, the operating activities provided cash in the amount of \$1,493,629 as compared to cash used in operating activities in the amount of \$452,733 and \$2,071,704, respectively, during the years ended June 30, 2023 and 2022, due to the reasons discussed above.

Cash Provided by (Used in) Investing Activities

Cash provided by investing activities during the year ended June 30, 2024 amounted to \$52,960 as compared to cash used in investing activities in the amount of \$708,878 during the year ended June 30, 2023 and cash provided by investing activities of \$2,065,044 during the year ended June 30, 2022. The investing activities during the year ended June 30, 2024 were in relation to the repayment of an outstanding deposit in the amount of \$52,960. The prior year transactions had sales and additions to property and equipment.

Cash Provided by (Used in) Financing Activities

Cash used in financing activities amounted to \$1,096,506 during the year ended June 30, 2024 and \$134,360 during the year ended June 30, 2023 as compared to cash provided by financing activities in the amount of \$720,688 during the year ended June 30, 2022. Financing activities related to the proceeds from the issuance of promissory note, the repayment of promissory notes, the payment of lease liabilities, repayment of the Oregon Mortgage, other debt and lease liabilities.

(C) RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

The Company has not spent any funds on research and development during the fiscal years ended 2024, 2023 and 2022.

(D) TREND INFORMATION

There are no trends, commitments, events or uncertainties presently known to management that are reasonably expected to have a material effect on the Company's business, financial condition or results of operation other than the nature of the business (Refer to the heading entitled "Risk Factors").

(E) OFF-BALANCE SHEET ARRANGEMENTS

As at June 30, 2024, the Company did not have any off balance sheet arrangements, including any relationships with unconsolidated entities or financial partnerships to enhance perceived liquidity.

(F) CONTRACTUAL OBLIGATIONS

As at June 30, 2024, the Company did not have any key contractual obligations other than the leases entered into through its retail operations.

(G) SAFE HARBOR

Statements in Item 5 of this Annual Report on Form 20-F that are not statements of historical fact, constitute "forward-looking statements." See "Forward-Looking Statements" on page 1 of this Annual Report. The Company is relying on the safe harbor provided in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, in making such forward-looking statements.

ITEM 6 - DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

(A) DIRECTORS AND SENIOR MANAGEMENT

Mr. Thomas (Taz) M. Turner, Jr. joined the Board of Directors on November 22, 2017 and as Chief Executive Officer of the Company on September 22, 2017. Mr. Turner is currently the Chairman of the Board of Directors. Mr. Turner has over 20 years of experience in the capital markets focused on both debt and equity securities in the technology and consumer industries. He founded Southshore Capital Partners, LP in 2009 and has guided the growth of Southshore's global equity hedge fund as General Partner. Through his fund, Mr. Turner has invested in public and private cannabis companies since 2012. Prior to Southshore, Mr. Turner held progressive positions at hedge funds and private equity funds with Tala Investments, Trafelet Delta Funds and ABS Capital Partners, where he specialized in technology and consumer investments. Mr. Turner graduated from the University of Virginia with a Bachelor of Science in both Commerce and Mathematics.

We believe Mr. Turner is well-qualified to serve as Chairman of the Board of Directors due to his investment experience, operational experience and business contacts.

Mr. Dale Rasmussen joined the Board of Directors on May 15, 2020. Mr. Rasmussen has provided consulting services to growth companies in a variety of industries. He previously served as Chairman of Quantum Fuel System Technologies Worldwide and Chairman of Fisker Automotive. He was also the Senior Vice President and Secretary of IMPCO Technologies. He has helped facilitate numerous international transactions including several cross-border acquisitions and exchange agreements with leading Canadian companies in solar, wind, battery, and clean technology and alternative fuel automotive sectors. Prior to these roles, Mr. Rasmussen was a commercial banker responsible for the bank's investment portfolio and corporate development initiatives.

We believe Mr. Rasmussen is well-qualified to serve as a member of the Board of Directors and Chairman of the Audit Committee due to his public company experience, financial markets knowledge and business contacts.

Mr. Jakob Ripshtein joined the Board of Directors on April 8, 2020. Mr. Ripshtein previously served as the President of Aphria, a leading global cannabis company. Mr. Ripshtein's diverse career began in the Canadian spirits, pharmaceutical, and financial sectors, where he oversaw business, sales and tax functions. Joining Diageo in 2008 as VP of Finance, Mr. Ripshtein operated in a series of senior roles in Canada, the US, and the UK, becoming President of Diageo Canada, and, in 2016, CFO of Diageo North America. Mr. Ripshtein holds a CPA and International Tax designation, and a Bachelor of Business Administration Honours Degree from York University.

We believe Mr. Ripshtein is well-qualified to serve as a member of the Board of Directors due to his public company experience, financial markets knowledge and business contacts.

Mr. Benjamin Higham joined the Board of Directors on April 8, 2020. Mr. Higham was instrumental in the creation and growth of Starbuds International and served on its Board of Directors over the past eight months. Prior to entering business, he practiced law in Canada and the United States, working in private practice and as corporate counsel. Mr. Higham brings significant retail cannabis experience gained from his deep personal network of industry leaders and proven success as a cannabis entrepreneur. Admitted to the New York and Massachusetts Bars in 2004 and called to the Bar of Ontario in 2006, Mr. Higham practiced law in both Canada and United States in private practice and as corporate counsel to a large multinational.

We believe Mr. Higham is well-qualified to serve as a member of the Board of Directors due to his public company experience, financial markets knowledge and business contacts.

Mr. Ashish Kapoor assumed the roles of Chief Financial Officer and Corporate Secretary of the Company, effective March 10, 2015. Mr. Kapoor has over 20 years of experience in providing capital markets advisory and assurance services as a finance professional. After obtaining his Chartered Accountant designation at Ernst & Young, Mr. Kapoor has gained over 10 years of experience in investment banking; advising clients across various industries. As a senior vice president at Macquarie Capital Markets Canada Ltd., Mr. Kapoor was responsible for the Canadian telecom, media, entertainment and technology investment banking and principal investing group. During his 10 years at Macquarie, Mr. Kapoor completed in excess of \$3 billion in successful principal investments and advised on a further \$4 billion of mergers and acquisitions for third party clients. Mr. Kapoor was formerly the CFO of DealNet Capital Corp., a consumer finance company, and Transeastern Power Trust (prior to its current name, Blockchain Power Trust), an independent power producer focused on renewable energy sources. Mr. Kapoor was awarded the Gold Medal for first place in Ontario, and the Bronze Medal for third place in Canada on the 2000 Chartered Accountancy Uniform Final Examination. Mr. Kapoor is also a CFA Charter holder and holds a Masters of Accounting and a Bachelor of Arts degree from University of Waterloo.

(B) COMPENSATION

The compensation payable to directors and officers of the Company and its subsidiary is summarized below:

1. General

The Company recognizes that remuneration plays an important role in attracting, motivating, rewarding and retaining knowledgeable and skilled individuals to the Company's management team. However, the Company has not, as yet, generated any significant income or cash flow from operations. The Board of Directors has to consider not only the financial situation of the Company at the time of the determination of executive compensation, but also the estimated financial situation in the mid and long-term. The Board of Directors plans to ensure that, at all times, its compensation arrangements adequately reflect the responsibilities and risks involved in being an effective Director and/or Officer of the Company.

Given the Issuer's size and stage of operations, the Board does not have a separate compensation committee and such functions are addressed by the entire Board.

On November 22, 2018, the Company's shareholders approved and the Company adopted a new rolling stock option plan (the "Option Plan"), under which the Board of Directors may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company. Pursuant to the Option Plan, the Company may issue options for such period and exercise price as may be determined by the Board of Directors, and in any case not exceeding ten (10) years from the date of grant with the total options issued under the Option Plan not exceeding ten percent (10%) of the common shares of the Company, outstanding at the time of the granting of such options. The minimum exercise price of an option granted under the Option plan must not be less than the market value of the common shares on the date such option is granted. The Option Plan is filed as Exhibit 4.(d) to this Annual Report and is incorporated herein by reference.

2. Statement of Executive Compensation

The following table and accompanying notes set forth all compensation expensed by the Company to all persons who served as the Company's Directors and Officers during the fiscal year ended June 30, 2024. The information is provided for the fiscal years ended 2024, 2023 and 2022.

Name and principal position	Year	Salary (CAD \$)	Share-based awards (CAD \$)	Option-based awards (CAD \$)	Non-equity incentive plan compensation (CAD \$)		Pension value (CAD \$)	All other compensation (CAD \$)	Total compensation (CAD \$)
					Annual incentive plans	Long-term incentive plans			
Thomas M. Turner, Jr., Chairman and Chief Executive Officer	2024	240,000	-	-	-	-	-	-	240,000
	2023	240,000	-	-	-	-	-	-	240,000
	2022	240,000	-	-	-	-	-	-	240,000
Ashish Kapoor, Chief Financial Officer and Corporate Secretary	2024	240,000	-	-	-	-	-	-	240,000
	2023	240,000	-	-	-	-	-	-	240,000
	2022	240,000	-	-	-	-	-	-	240,000
Jakob Ripshtein, Director	2024	60,000	-	-	-	-	-	-	60,000
	2023	60,000	-	-	-	-	-	-	60,000
	2022	64,500	-	-	-	-	-	-	64,500
Benjamin Higham, Director	2024	60,000	-	-	-	-	-	-	60,000
	2023	60,000	-	-	-	-	-	-	60,000
	2022	64,500	-	-	-	-	-	-	64,500
Dale Rasmussen, Director	2024	60,000	-	-	-	-	-	-	60,000
	2023	60,000	-	-	-	-	-	-	60,000
	2022	60,000	-	-	-	-	-	-	60,000

Employment Agreements; Termination and Change of Control Benefits

As at the date of this Annual Report, the Company is a party to the following employment agreements with the Company's Directors and Officers:

Thomas (Taz) M. Turner, Jr. Pursuant to the employment agreement entered into with Mr. Turner, Mr. Turner serves as Chief Executive Officer of the Company and is entitled to an annual base salary of CAD \$240,000 and is eligible to earn a cash performance bonus.

Mr. Turner's employment agreement may be terminated by the Company without notice or payment in lieu of notice for just cause. Mr. Turner may terminate his employment for any reason by providing at least two months' notice in writing. If the Company elects to terminate the employment of Mr. Turner without cause, and provided Mr. Turner is in compliance with the relevant terms and conditions of his employment agreement, the Company shall be obligated to pay Mr. Turner eighteen months of his monthly base salary and any accrued and unpaid expenses and fees.

If (i) there has been a Change of Control (as defined below) of the Company, and (ii) the Involuntary Termination (as defined below) of the employment of Mr. Turner has occurred within twelve months of the date of the Change of Control, the Company shall pay Mr. Turner, in a lump sum, an amount equal to the sum of the following:

- (a) twenty-four months of the base salary immediately prior to the date of the Change of Control;
- (b) the annual premium cost to the Company of all the benefits provided to Mr. Turner by the Company under his employment agreement immediately prior to the date of the Change of Control; and
- (c) any other outstanding amounts owed to Mr. Turner under his employment agreement.

Furthermore, the Company shall also be required to pay to Mr. Turner the lump sum of any other outstanding amounts owed to Mr. Turner (including entities related to or controlled by Mr. Turner) regardless of the terms of such amounts which will become immediately due and payable upon Involuntary Termination.

Ashish Kapoor: Pursuant to the employment agreement entered into with Mr. Kapoor, Mr. Kapoor serves as Chief Financial Officer of the Company and is entitled to an annual base salary of CAD \$240,000 and is eligible to earn a 2cash performance bonus.

Mr. Kapoor's employment agreement may be terminated by the Company without notice or payment in lieu of notice for just cause. Mr. Kapoor may terminate his employment for any reason by providing at least two months' notice in writing. If the Company elects to terminate the employment of Mr. Kapoor without cause, and provided Mr. Kapoor is in compliance with the relevant terms and conditions of his employment agreement, the Company shall be obligated to pay Mr. Kapoor eighteen months of his monthly base salary and any accrued and unpaid expenses and fees.

If (i) there has been a Change of Control (as defined below) of the Company, and (ii) the Involuntary Termination (as defined below) of the employment of Mr. Kapoor has occurred within twelve months of the date of the Change of Control, the Company shall pay Mr. Kapoor, in a lump sum, an amount equal to the sum of the following:

- (a) twenty-four months of the base salary immediately prior to the date of the Change of Control;
- (b) the annual premium cost to the Company of all the benefits provided to Mr. Kapoor by the Company under his employment agreement immediately prior to the date of the Change of Control; and
- (c) any other outstanding amounts owed to Mr. Kapoor under his employment agreement.

Furthermore, the Company shall also be required to pay to Mr. Kapoor the lump sum of any other outstanding amounts owed to Mr. Kapoor (including entities related to or controlled by Mr. Kapoor) regardless of the terms of such amounts which will become immediately due and payable upon Involuntary Termination.

Director Compensation

The Company has no formal agreements for compensating its Directors for their services in their capacity as directors. The Company's Board of Directors agreed to pay each of the Company's non-executive directors \$5,000 per month for their services. The payment or non-payment of non-executive director fees is made by the Board of Directors from time to time. Directors are expected in the future to receive stock options to purchase Common Shares as may be awarded by the Board of Directors.

Long Term Incentive Plan (LTIP) Awards

The Company does not have a LTIP, pursuant to which cash or non-cash compensation intended to serve as an incentive for performance (whereby performance is measured by reference to financial performance or the price of the Company's securities) was paid or distributed during the most recently completed fiscal year.

Defined Benefit or Actuarial Plan Disclosure

There is no pension plan or retirement benefit plan that has been instituted by the Company and none are proposed at this time.

(C) BOARD PRACTICES

The Board is currently comprised of four (4) directors; being; Thomas (Taz) M. Turner, Jr. (Chairman); Dale Rasmussen, Jakob Ripshtein, and Benjamin Higham; who were each elected by the Company's shareholders to hold office until the next annual meeting of shareholders or until a successor is duly elected or appointed, unless his office is earlier vacated in accordance with the by-laws of the Company. Mr. Rasmussen, Mr Ripshtein and Mr. Higham are "independent" directors. Mr. Turner, the Company's Chief Executive Officer; is not considered to be independent. The Board has determined that a board of four (4) members will be effective in the governance and supervision of the management of the Company's business and affairs at this time.

Other than the Audit Committee, the Board has no other committees. The directors are regularly informed of or are actively involved in the operations of the Issuer. The scope and size of the Issuer's operations and development does not currently warrant an increase in the size of the Board or the formation of additional committees, however, the Board periodically examines its size and constitution and may from time to time establish ad hoc committees to deal with specific situations.

Mandate of the Board

The Board has adopted a mandate, in which it has explicitly assumed responsibility for the stewardship of the Company. In carrying out its mandate the Board holds at least four meetings (or consent resolutions, where applicable) annually. The frequency of meetings, as well as the nature of the matters dealt with, will vary from year to year depending on the state of our business and the opportunities or risks, which we face from time to time. To assist in the discharge of its responsibilities, the Board has designated an Audit Committee, as more particularly discussed below.

Audit Committee

The current members of the Company's Audit Committee are Dale Rasmussen, who is also the Chair of the Audit Committee, Thomas (Taz) M. Turner, Jr., Jakob Ripshtein and Benjamin Higham. Mr. Rasmussen, Mr. Ripshtein and Mr. Higham are "independent" directors. Mr. Turner, the Company's Chief Executive Officer; is not considered to be independent. All members of the Audit Committee are considered to be financially literate.

The Audit Committee's primary function is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to accounting and financial reporting processes, the integrity of the financial statements the Company, compliance with legal and regulatory requirements, the overall adequacy and maintenance of the systems of internal controls that management has established and the overall responsibility for the Company's external and internal audit processes including the external auditor's qualifications, independence and performance.

The Audit Committee has the duty to review and ensure that the Company's financial disclosures are complete and accurate, are in accordance with generally accepted accounting principles and fairly present the financial position and risks of the organization. The Audit Committee should, where it deems appropriate, review compliance with laws and regulations and the Company's own policies.

The Audit Committee provides the Board of Directors with such recommendations and reports with respect to the financial disclosures of the Company as it deems advisable. A copy of the Audit Committee Charter is filed as Exhibit 14(a)(ii) to this Annual Report and is incorporated herein by reference.

Corporate Governance Committee

The Company does not currently have a Corporate Governance Committee. The directors determined that, in light of the Company's size and resources, setting up such a committee would not be practical for the Company at this time.

Compensation Committee

The Company does not currently have a Compensation Committee. The directors determined that, in light of the Company's size and resources, setting up such a committee would be too expensive for the Company at this time.

(D) EMPLOYEES

The Company presently has no permanent employees other than at the retail stores owned and operated by its subsidiaries in Canada. It uses the services of consultants from time to time.

(E) SHARE OWNERSHIP

The Company had the following plans as at June 30, 2024 and the date of this Annual Report:

2017 Stock Option Plan - On November 22, 2018, the Company's shareholders approved and the Company adopted a new rolling stock option plan (the "Option Plan"), under which the Board of Directors may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company. Pursuant to the Option Plan, the Company may issue options for such period and exercise price as may be determined by the Board of Directors, and in any case not exceeding ten (10) years from the date of grant with the total options issued under the Option Plan not exceeding ten percent (10%) of the common shares of the Company, outstanding at the time of the granting of such options. The minimum exercise price of an option granted under the Option plan must not be less than the market value of the common shares on the date such option is granted. The Option Plan is filed as Exhibit 4.(d) to this Annual Report and is incorporated herein by reference.

The objective of the Option Plan is to provide for and encourage ownership of common shares of the Company by its directors, officers, consultants and employees and those of any subsidiary companies so that such persons may increase their stake in the Company and benefit from increases in the value of the common shares. The Option Plan is designed to be competitive with other companies in the industry. It is the view of management that the Option Plan is a significant incentive for the directors, officers, consultants and employees to continue and to increase their efforts in promoting the Company's operations to the mutual benefit of both the Company and such individuals and also allow the Company to avail of the services of experienced persons with minimum cash outlay.

The following table sets forth the share ownership of those persons listed in subsection 6.B above and includes details of all warrants held by such persons as at June 30, 2024:

Name	Number of Shares Held	Option-Based Awards			Share-Based Awards	
		Number of securities underlying unexercised options (#)	Option exercised price (CAD \$)	Option expiration date	Number of shares or units of shares that have not vested (#)	Market or payout value of share based awards that have not vested (CAD \$)
Thomas M, Turner, Jr., Chairman and Chief Executive Officer	2,947,523 ⁽¹⁾				-	-
Ashish Kapoor, Chief Financial Officer and Corporate Secretary	4,497,380 ⁽²⁾				-	-
Jakob Ripshtein, Director	1,734,877				-	-
Benjamin Higham, Director	1,973,831				-	-
Dale Rasmussen, Director	-				-	-

Note:

- (1) Includes 2,947,523 Common Shares owned by T3 Research, LLC. Mr. Turner also may be seen to have control or direction over an additional 2,947,523 Common Shares held by Southshore Capital Partners, LP, a private investment fund.
- (2) Includes 4,462,380 Common Shares owned by 2364201 Ontario Corp. and 35,000 Common Shares held by Mr. Kapoor's spouse.

There were 109,502,853 Common Shares issued and outstanding as at June 30, 2024 and 109,803,459 common shares issued and outstanding as at the date of this Annual Report. There were no stock options issued and outstanding as at June 30, 2024 and no stock options issued and outstanding as at the date of this Annual Report. There were no share purchase warrants issued and outstanding as at June 30, 2024 and as at the date of this Annual Report.

ITEM 7 - MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

(A) MAJOR SHAREHOLDERS

The Company's securities are recorded on the books of its transfer agent in registered form. The majority of such shares are, however, registered in the name of intermediaries such as brokerage houses and clearing-houses on behalf of their respective clients. The Company does not have knowledge of the beneficial owners thereof.

As at the date of this Annual Report, intermediaries like CDS & Co, of Toronto, Canada and Cede & Co of New York, USA held approximately 68% of the issued and outstanding common shares of the Company on behalf of several beneficial shareholders whose individual holdings details were not available.

The following table shows the record and, where known to us, the beneficial ownership of our shares by each shareholder holding at least 5% of our common shares as at June 30, 2024. As used herein, the term beneficial ownership with respect to a security is defined by Rule 13d-3 under the Securities Exchange Act of 1934.

Name of Shareholder	No. of Shares Held	% of Issued Shares
Southshore Capital Partners, LP	2,947,523	2.69%
T3 Research, LLC	2,947,523	2.69%

All of the Company's shareholders have the same voting rights.

As at the date of this Annual Report, the Company had 109,803,459 common shares outstanding, which, as per the details provided by TSX Trust Company, the Company's registrar and transfer agent, were held by approximately 572 record holders (excluding the beneficial shareholders held through the intermediaries) of which 125 shareholders are based in the United States (including the beneficial shareholders held through the intermediaries) and hold an aggregate of 34,329,455 shares or less than 31% of the Common Shares.

The Registrant is a publicly owned Canadian corporation, the shares of which are owned by Canadian residents, U.S. residents, and residents of other countries. The Registrant is not owned or controlled directly or indirectly by another corporation (other than as indicated in the chart above) or any foreign government. There are no arrangements, known to the Company, the operation of which may at a subsequent date result in a change of control of the Company.

(B) RELATED PARTY TRANSACTIONS

Related party transactions for the year ended June 30, 2024, 2023 and 2022 and the balances as at those dates, not disclosed elsewhere are:

- a) During the year ended June 30, 2024, the Company expensed \$660,000 (June 30, 2023 – \$660,000; June 30, 2022 – \$669,000), in fees payable to officers and directors of the Company and in fees payable to a corporation related by virtue of a common officer and director; and
- b) As at June 30, 2024, the Company had fees payable to officers and directors of the Company of \$3,222,517 (June 30, 2023 – \$2,467,695).

Indebtedness to Company of Directors, Executive Officers and Senior Officers

None of the directors, consultants, executive officers and senior officers of the Company or any of its subsidiaries, proposed nominees for election or associates of such persons is or has been indebted to the Company at any time for any reason whatsoever, including the purchase of securities of the Company or any of its subsidiaries.

(C) INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

ITEM 8 - FINANCIAL INFORMATION

(A) CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

Information regarding our consolidated financial statements and other financial information is contained under the caption "Item 18. Financial Statements" below.

Legal Proceedings

The Company is not currently involved in any litigation nor is it aware of any litigation pending or threatened aside from those noted below:

- a) During the year ended June 30, 2023, the Company was identified as a defendant along with three other defendants (the "Other Defendants") to a complaint in the Orange County Superior Court of California and for the State of California (the "Complaint"). The Complaint contains five causes of actions by the plaintiff (the "Plaintiff"), but only one of those causes of action, for injunctive relief, is asserted against the Company. The Complaint involves claims by the Plaintiff that at the request of the Other Defendants, the Plaintiff guaranteed a loan to acquire lab equipment for the benefit of the Other Defendants in the amount of \$251,793. The Complaint claims that the Other Defendants failed to pay off the subject loan and converted the equipment, depriving the Plaintiff of the ability to foreclose and receive repayment. The cause of action for injunctive relief against the Company (as well as the Other Defendants) requests that the court issue an order setting forth title and control to the equipment. The Company currently leases this equipment from the Other Defendants. The Company has not been served the Complaint and there is no claim for damages against the Company presently in the Complaint.

The Company intends on defending this Complaint to the extent that a liability is imposed on the Company for the replacement of the equipment or for the monetary damages imposed on the Other Defendants. As at the date of these consolidated financial statements, it is premature, and not practical, to determine whether or not there will be any outflow and, if so, the amount of that outflow. Accordingly, no provisions have been made on the Company's consolidated financial statements of position with respect to the Complaint.

As at date of the Annual Report, the Company has not been served with a lawsuit related to this Complaint.

- b) On November 1, 2024, the Company became aware of a lawsuit filed in the Ontario Superior Court of Justice on September 26, 2024, by 10330698 Canada Inc. ("1033 Canada"), claiming approximately \$1,900,000 (the "Claim"). The Company and other defendants were not properly served, and the Claim was filed without representation by a licensed lawyer, as required by Rule 15.01(2) of the Rules of Civil Procedure under the Courts of Justice Act.

On November 19, 2024, the Company preemptively filed a statement of defense, denying the allegations in the Claim and asserting that the Claim lacks merit. Additionally, the Company filed a counterclaim against 1033 Canada for breach of contract, seeking \$800,000 in damages for unexpected liabilities and losses incurred due to misrepresentation by 1033 Canada. The Company has outstanding promissory notes with 1033 Canada.

As of the date of this Annual Report, it is premature and impractical to determine the likelihood of the outcome of the legal proceedings, the potential inflow or outflow of economic benefits, or to estimate any related amounts. Accordingly, no adjustments have been made to the Company's consolidated financial statements in relation to this Claim.

Dividend Policy

Since its incorporation, the Company has not declared or paid, and has no present intention to declare or to pay in the foreseeable future, any cash dividends with respect to its common shares. Earnings will be retained to finance further growth and development of the business of the Company. However, if the Board of Directors declares dividends, all common shares will participate equally in the dividends, and, in the event of liquidation, in the net assets, of the Company.

(B) SIGNIFICANT CHANGES

None noted.

ITEM 9 - THE OFFER AND LISTING

(A) OFFER AND LISTING DETAILS

The Company's Common Shares are listed for trading on the CSE under the symbol "CDVA" and are quoted on the OTCQB marketplace in the United States under the symbol "LVRLF".

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The following table sets forth the reported high and low prices and the trading volume of the Common Shares on the CSE for each month for the twelve (12) months prior to the date of this Annual Report.

Date	High (\$)	Low (\$)	Volume
November, 2024	0.085	0.035	482,671
October, 2024	0.100	0.015	151,760
September, 2024	0.105	0.050	42,284
August, 2024	0.100	0.025	214,441
July, 2024	0.095	0.060	25,725
June, 2024	0.100	0.080	37,000
May, 2024	0.090	0.065	70,011
April, 2024	0.090	0.090	9,000
March, 2024	0.120	0.070	181,000
February, 2024	0.120	0.095	82,700
January, 2024	0.110	0.060	296,374
December, 2023	0.180	0.060	82,200

The following table sets forth the reported high and low prices and the trading volume of the Common Shares on the OTCQB marketplace for each month for the twelve (12) months prior to the date of this Annual Report.

Date	High (USD \$)	Low (USD \$)	Volume
November, 2024	0.07	0.03	645,921
October, 2024	0.09	0.03	531,972
September, 2024	0.11	0.06	167,446
August, 2024	0.11	0.03	1,033,989
July, 2024	0.07	0.01	489,046
June, 2024	0.09	0.03	473,022
May, 2024	0.08	0.05	269,453
April, 2024	0.09	0.04	102,712
March, 2024	0.09	0.02	676,474
February, 2024	0.10	0.06	653,075
January, 2024	0.09	0.06	731,061
December, 2023	0.12	0.05	967,839

(B) PLAN OF DISTRIBUTION

Not applicable.

(C) MARKETS

The Company's Common Shares are listed for trading on the CSE under the symbol "CDVA" and the OTCQB marketplace in the United States under the symbol "LVRLF".

(D) SELLING SHAREHOLDERS

Not applicable.

(E) DILUTION

Not applicable.

(F) EXPENSES OF THE ISSUE

Not applicable.

ITEM 10 - ADDITIONAL INFORMATION

(A) SHARE CAPITAL

This Form 20-F is being filed as an Annual Report under the Exchange Act and, as such, there is no requirement to provide any information under this section.

(B) MEMORANDUM AND ARTICLES OF ASSOCIATION

Following approval by the shareholders in a special meeting held on October 4, 2006 as explained in item 8(B) above, the Company applied for authorization to continue from being governed by the OBCA and was granted approval on October 26, 2006 to continue under the jurisdiction of the CBCA. An application for authorization to continue is included in Exhibits 1.1 and 1.2 hereof, which exhibits have been incorporated by reference into this report.

New by-laws were adopted in the special meeting of shareholders on October 4, 2006 in compliance with the requirements of the CBCA. The new by-laws were included in Exhibit 1.3 thereof, which exhibit has been incorporated by reference into this report.

On January 3, 2018, the Company changed its name to its current name, "CordovaCann Corp." The Company's certificate of amendment is filed as Exhibit 1.16 to this Annual Report and is incorporated herein by reference.

(C) MATERIAL CONTRACTS

Except as set forth herein, under "Item 5(A) – Operating and Financial Review Prospects – Operating Results – Overview" or "Item 7(B) – Major Shareholders and Related Party Transactions – Related Party Transactions", all material contracts entered into in last two fiscal years were in the ordinary course of its business.

(D) EXCHANGE CONTROLS

Limitations on the ability to acquire and hold shares of the Company may be imposed by the *Competition Act* (Canada) (the "Competition Act"). This legislation permits the Commissioner of Competition to review any acquisition of a significant interest in us. This legislation grants the Commissioner jurisdiction, for up to three years, to challenge this type of acquisition before the Competition Tribunal if the Commissioner believes that it would, or would be likely to, result in a substantial lessening or prevention of competition in any market in Canada.

The Competition Act requires that any person proposing to acquire any of the assets in Canada of an operating business file a notification with the Competition Bureau where (a) "size of the parties" threshold - the parties to the transaction, together with their respective affiliates, have (i) assets in Canada the value of which exceeds \$400 million in the aggregate, or (ii) annual gross revenues from sales in, from or into Canada that exceed \$400 million in the aggregate; and (b) "size of the transaction" threshold - the aggregate value of those assets, or the gross revenues from sales in or from Canada generated from those assets, would exceed an annually established threshold of \$93 million, based on the book value of the subject assets or Company in Canada, or gross revenues from sales in or from Canada generated from those assets or by the Company). For the purposes of the Competition Act, asset values and gross revenues are to be determined as of the last day of the period covered by the most recent audited financial statements in which the assets or gross revenues are accounted for.

In the case of share acquisitions, an additional "shareholding threshold" must be exceeded. This legislation requires any person who intends to acquire shares to file a notification with the Competition Bureau if certain financial thresholds are exceeded, and that person would hold more than 20% of our voting shares as a result of the acquisition. If a person already owns 20% or more of our voting shares, a notification must be filed when the acquisition would bring that person's holdings over 50%. Where a notification is required, the legislation prohibits completion of the acquisition until the expiration of a statutory waiting period, unless the Commissioner provides written notice that he does not intend to challenge the acquisition.

There are no governmental laws, decrees or regulations in Canada that restrict the export or import of capital or that affect the remittance of dividends, interest or other payments to non-resident holders of our securities. However, any such remittance to a resident of the United States may be subject to a withholding tax pursuant to the *Income Tax Act* (Canada). For further information concerning such withholding tax, see "Taxation" below.

Except as may be provided under the *Investment Canada Act* (the "ICA"), there are no specific limitations under the laws of Canada or in the Articles of the Company with respect to the rights of non-residents of Canada to hold and/or vote securities of the Company.

The ICA requires each individual, government or agency thereof, corporation, partnership, trust or joint venture that is not a "Canadian" as defined in the ICA (a "non-Canadian") making an investment to acquire control of a Canadian business, the gross assets of which exceed certain defined threshold levels, to file an application for review with the Investment Review Division of Industry Canada. The threshold level for non-Canadians who are private sector World Trade Organization investors (as defined in the ICA) is in excess of \$600 million in enterprise value and from non-Canadians who are state-owned World Trade Organization investors is in excess of \$369 million in asset value, subject to an annual adjustment on the basis of a prescribed formula in the ICA to reflect inflation and real growth within Canada.

In the context of the Company, in essence, three methods of acquiring control of a Canadian business are regulated by the ICA: (i) the acquisition of all or substantially all of the assets used in carrying on business in Canada; (ii) the acquisition, directly or indirectly, of voting shares of a Canadian corporation carrying on business in Canada; (iii) the acquisition of voting shares of an entity which controls, directly or indirectly, another entity carrying on business in Canada. An acquisition of a majority of the voting interests of an entity, including a corporation, is deemed to be an acquisition of control under the ICA. However, under the ICA, there is a rebuttable presumption that control is acquired if one-third of the voting shares of a Canadian corporation or an equivalent undivided interest in the voting shares of such corporation are held by a non-Canadian person or entity. An acquisition of less than one-third of the voting shares of a Canadian corporation is deemed not to be an acquisition of control. An acquisition of less than a majority, but one-third or more, of the voting shares of a Canadian corporation is presumed to be an acquisition of control unless it can be established that on the acquisition the Canadian corporation is not, in fact, controlled by the acquirer through the ownership of voting shares. Certain transactions relating to the acquisition of common shares would be exempt from review from the ICA, including:

- (a) acquisition of common shares by a person in the ordinary course of a person's business as a trader or dealer in securities;
- (b) acquisition of control of a Canadian corporation in connection with the realization of security granted for a loan or other financial assistance and not for any purpose related to the provisions of the ICA; and
- (c) acquisition of control of a Canadian corporation by reason of an amalgamation, merger, consolidation or corporate reorganization following which the ultimate direct or indirect control in fact of the corporation, through the ownership of voting interests, remains unchanged.

In addition, if less than a majority of voting interests of a Canadian corporation are owned by Canadians, the acquisition of control of any other Canadian corporation by such corporation may be subject to review unless it can be established that the corporation is not in fact controlled through the ownership of voting interests and that two-thirds of the members of the board of directors of the corporation are Canadians.

Where an investment is reviewable under the ICA, it may not be implemented unless it is likely to be of net benefit to Canada. If an applicant is unable to satisfy the Minister responsible for Industry Canada that the investment is likely to be of net benefit to Canada, the applicant may not proceed with the investment. Alternatively, an acquiror may be required to divest control of the Canadian business that is the subject of the investment.

In addition to the foregoing, the ICA requires formal notification to the Canadian government of all other acquisitions of control of Canadian businesses by non-Canadians. These provisions require a foreign investor to give notice in the required form, which notices are for information, as opposed to review purposes.

(E) TAXATION

Canadian Federal Income Tax Consequences

We consider that the following general summary fairly describes the principal Canadian federal income tax considerations applicable to holders of our common shares who, for purposes of the *Income Tax Act* (Canada) (the “ITA”), deal at arm’s length with the Company, hold such shares as capital property, do not carry on business in Canada, have not been at any time residents of Canada for purposes of the ITA and are residents of the United States (“U.S. Residents”) under the Canada-United States Income Tax Convention (1980) (the “Convention”).

This summary is based upon the current provisions of the ITA, the Income Tax Regulations (the “Regulations”), the current publicly announced administrative and assessing policies of the Canada Revenue Agency (formerly Canada Customs and Revenue Agency), and all specific proposals (the “Tax Proposals”) to amend the ITA and Regulations publicly announced prior to the date hereof by the Minister of Finance (Canada). This description is not exhaustive of all possible Canadian federal income tax consequences and, except for the Tax Proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account provincial or foreign tax considerations which may differ significantly from those discussed herein.

The following discussion is for general information only and it is not intended to be, nor should it be construed to be, legal or tax advice to any holder or prospective holder of our common shares and no opinion or representation with respect to any Canadian federal, provincial or foreign tax consequences to any such holder or prospective holder is made. Accordingly, holders and prospective holders of our common shares should consult with their own tax advisors about the Canadian federal, provincial and foreign tax consequences of purchasing, owning and disposing of our common shares.

Dividends

Dividends, including stock dividends, paid or credited or deemed to be paid or credited on our common shares to a U.S. Resident will be subject to withholding tax at a rate of 25%. The Convention provides that the normal 25% withholding tax rate will generally be reduced to 15% on dividends paid on shares of a corporation resident in Canada for federal income tax purposes (such as the Company) to U.S. Residents, and also provides for a further reduction of this rate to 5% where the beneficial owner of the dividends is a corporation which is a resident of the United States and owns at least 10% of the voting shares of the corporation paying the dividend. These Convention reductions are not available to beneficial owners who are a U.S. LLC corporation.

Capital Gains

The Convention provides that a U.S. Resident will not be subject to tax under the ITA in respect of any capital gain on the disposition of our common shares unless such shares constitute taxable Canadian property of the U.S. Resident and the U.S. Resident is not entitled to the benefits of the Convention with regards to capital gains. Our common shares will constitute taxable Canadian property if at any time during the five year period immediately preceding the disposition of our common shares, the U.S. Resident, or persons with whom the U.S. Resident did not deal at arm's length, or the U.S. Resident together with persons with whom the U.S. resident did not deal at arm's length owned 25% or more of the issued shares of any class of our capital stock.

Where a U.S. Resident realizes a capital gain on a disposition of shares that constitute "taxable Canadian property", the Convention relieves the U.S. Resident from liability for Canadian tax on such capital gains unless:

- (a) the value of the shares is derived principally from "real property" in Canada, including the right to explore for or exploit natural resources and rights to amounts computed by reference to production,
- (b) the shareholder was resident in Canada for 120 months during any period of 20 consecutive years preceding the disposition, was resident in Canada at any time during the 10 years immediately preceding the disposition and the shares were owned by him when he ceased to be resident in Canada, or
- (c) the shares formed part of the business property of a "permanent establishment" or pertained to a fixed base used for the purpose of performing independent personal services that the shareholder has or had in Canada within the 12 months preceding the disposition.

These Convention benefits are generally not available to beneficial owners who are a U.S. LLC corporation.

U.S. Federal Income Tax Consequences

The following is a summary of the anticipated material U.S. federal income tax consequences to a U.S. Holder (as defined below) arising from and relating to the acquisition, ownership, and disposition of our common shares ("Common Shares").

This summary is for general information purposes only and does not purport to be a complete analysis or listing of all potential U.S. federal income tax consequences that may apply to a U.S. Holder as a result of the acquisition, ownership, and disposition of Common Shares. In addition, this summary does not take into account the individual facts and circumstances of any particular U.S. Holder that may affect the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Common Shares. Accordingly, this summary is not intended to be, and should not be construed as, legal or U.S. federal income tax advice with respect to any U.S. Holder. Each U.S. Holder should consult its own financial advisor, legal counsel, or accountant regarding the U.S. federal, U.S. state and local, and foreign tax consequences of the acquisition, ownership, and disposition of Common Shares.

Scope of this Disclosure

Authorities

This summary is based on the *Internal Revenue Code of 1986*, as amended (the "Code"), Treasury Regulations (whether final, temporary, or proposed), published rulings of the Internal Revenue Service ("IRS"), published administrative positions of the IRS, the Convention Between Canada and the United States of America with Respect to Taxes on Income and on Capital, signed September 26, 1980, as amended (the "Canada-U.S. Tax Convention"), and U.S. court decisions that are applicable and, in each case, as in effect and available, as of the date of this Annual Report. Any of the authorities on which this summary is based could be changed in a material and adverse manner at any time, and any such change could be applied on a retroactive basis. This summary does not discuss the potential effects, whether adverse or beneficial, of any proposed legislation that, if enacted, could be applied on a retroactive basis.

U.S. Holders

For purposes of this summary, a “U.S. Holder” is a beneficial owner of Common Shares that, for U.S. federal income tax purposes, is (a) an individual who is a citizen or resident of the U.S., (b) a corporation, or any other entity classified as a corporation for U.S. federal income tax purposes, that is created or organized in or under the laws of the U.S. or any state in the U.S., including the District of Columbia, (c) an estate if the income of such estate is subject to U.S. federal income tax regardless of the source of such income, or (d) a trust if (i) such trust has validly elected to be treated as a U.S. person for U.S. federal income tax purposes or (ii) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of such trust.

Non-U.S. Holders

For purposes of this summary, a “non-U.S. Holder” is a beneficial owner of Common Shares other than a U.S. Holder. This summary does not address the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Common Shares to non-U.S. Holders. Accordingly, a non-U.S. Holder should consult its own financial advisor, legal counsel, or accountant regarding the U.S. federal, U.S. state and local, and foreign tax consequences (including the potential application of and operation of any tax treaties) of the acquisition, ownership, and disposition of Common Shares.

U.S. Holders Subject to Special U.S. Federal Income Tax Rules Not Addressed

This summary does not address the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Common Shares to U.S. Holders that are subject to special provisions under the Code, including the following U.S. Holders: (a) U.S. Holders that are tax-exempt organizations, qualified retirement plans, individual retirement accounts, or other tax-deferred accounts; (b) U.S. Holders that are financial institutions, insurance companies, real estate investment trusts, or regulated investment companies; (c) U.S. Holders that are dealers in securities or currencies or U.S. Holders that are traders in securities that elect to apply a mark-to-market accounting method; (d) U.S. Holders that have a “functional currency” other than the U.S. dollar; (e) U.S. Holders that are liable for the alternative minimum tax under the Code; (f) U.S. Holders that own Common Shares as part of a straddle, hedging transaction, conversion transaction, constructive sale, or other arrangement involving more than one position; (g) U.S. Holders that acquired Common Shares in connection with the exercise of employee stock options or otherwise as compensation for services; (h) U.S. Holders that hold Common Shares other than as a capital asset within the meaning of Section 1221 of the Code; or (i) U.S. Holders that own, directly or indirectly, 10% or more, by voting power or value, of our outstanding shares. U.S. Holders that are subject to special provisions under the Code, including U.S. Holders described immediately above, should consult their own financial advisor, legal counsel or accountant regarding the U.S. federal, U.S. state and local, and foreign tax consequences of the acquisition, ownership, and disposition of Common Shares.

If an entity that is classified as partnership (or “pass-through” entity) for U.S. federal income tax purposes holds Common Shares, the U.S. federal income tax consequences to such partnership (or “pass-through” entity) and the partners of such partnership (or owners of such “pass-through” entity) generally will depend on the activities of the partnership (or “pass-through” entity) and the status of such partners (or owners). Partners of entities that are classified as partnerships (or owners of “pass-through” entities) for U.S. federal income tax purposes should consult their own financial advisor, legal counsel or accountant regarding the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Common Shares.

Tax Consequences Other than U.S. Federal Income Tax Consequences Not Addressed

This summary does not address the U.S. state and local, U.S. federal estate and gift, or foreign tax consequences to U.S. Holders of the acquisition, ownership, and disposition of Common Shares. Each U.S. Holder should consult its own financial advisor, legal counsel, or accountant regarding the U.S. state and local, U.S. federal estate and gift, and foreign tax consequences of the acquisition, ownership, and disposition of Common Shares. (See “Taxation—Canadian Federal Income Tax Consequences” above).

U.S. Federal Income Tax Consequences of the Acquisition, Ownership, and Disposition of Common Shares

Distributions on Common Shares

General Taxation of Distributions

A U.S. Holder that receives a distribution, including a constructive distribution, with respect to the Common Shares will be required to include the amount of such distribution in gross income as a dividend (without reduction for any Canadian income tax withheld from such distribution) to the extent of our current or accumulated “earnings and profits”. To the extent that a distribution exceeds our current and accumulated “earnings and profits”, such distribution will be treated (a) first, as a tax-free return of capital to the extent of a U.S. Holder’s tax basis in the Common Shares and, (b) thereafter, as gain from the sale or exchange of such Common Shares. (See more detailed discussion at “Disposition of Common Shares” below).

Reduced Tax Rates for Certain Dividends

For taxable years beginning after December 31, 2002 and before January 1, 2011, a dividend paid by us generally will be taxed at the preferential tax rates applicable to long-term capital gains if (a) we are a “qualified foreign corporation” (as defined below), (b) the U.S. Holder receiving such dividend is an individual, estate, or trust, and (c) such dividend is paid on Common Shares that have been held by such U.S. Holder for at least 61 days during the 121-day period beginning 60 days before the “ex-dividend date” (i.e., the first date that a purchaser of such Common Shares will not be entitled to receive such dividend).

We generally will be a “qualified foreign corporation” under Section 1(h)(11) of the Code (a “QFC”) if (a) we are incorporated in a possession of the U.S., (b) we are eligible for the benefits of the Canada-U.S. Tax Convention, or (c) the Common Shares are readily tradable on an established securities market in the U.S. However, even if we satisfy one or more of such requirements, we will not be treated as a QFC if we are a “passive foreign investment company” (as defined below) for the taxable year during which we pay a dividend or for the preceding taxable year. In 2003, the U.S. Department of the Treasury (the “Treasury”) and the IRS announced that they intended to issue Treasury Regulations providing procedures for a foreign corporation to certify that it is a QFC. Although these Treasury Regulations were not issued in 2004, the Treasury and the IRS have confirmed their intention to issue these Treasury Regulations. It is expected that these Treasury Regulations will obligate persons required to file information returns to report a distribution with respect to a foreign security issued by a foreign corporation as a dividend from a QFC if the foreign corporation has, among other things, certified under penalties of perjury that the foreign corporation was not a “passive foreign investment company” for the taxable year during which the foreign corporation paid the dividend or for the preceding taxable year.

We do not believe that we were a “passive foreign investment company” for the taxable year ended June 30, 2008. (See more detailed discussion at “Additional Rules that May Apply to U.S. Holders” below). There can be no assurance that the IRS will not challenge the determination made by us concerning our “passive foreign investment company” status or that we will not be a “passive foreign investment company” for the current or any future taxable year. Accordingly, there can be no assurances that we will be a QFC for the current or any future taxable year, or that we will be able to certify that it is a QFC in accordance with the certification procedures issued by the Treasury and the IRS.

If we are not a QFC, a dividend paid by us to a U.S. Holder, including a U.S. Holder that is an individual, estate, or trust, generally will be taxed at ordinary income tax rates (and not at the preferential tax rates applicable to long-term capital gains). The dividend rules are complex, and each U.S. Holder should consult its own financial advisor, legal counsel, or accountant regarding the dividend rules.

Distributions Paid in Foreign Currency

The amount of a distribution paid to a U.S. Holder in foreign currency generally will be equal to the U.S. dollar value of such distribution based on the exchange rate applicable on the date of receipt. A U.S. Holder that does not convert foreign currency received as a distribution into U.S. dollars on the date of receipt generally will have a tax basis in such foreign currency equal to the U.S. dollar value of such foreign currency on the date of receipt. Such a U.S. Holder generally will recognize ordinary income or loss on the subsequent sale or other taxable disposition of such foreign currency (including an exchange for U.S. dollars).

Dividends Received Deduction

Dividends paid on the Common Shares generally will not be eligible for the “dividends received deduction.” The availability of the dividends received deduction is subject to complex limitations that are beyond the scope of this discussion, and a U.S. Holder that is a corporation should consult its own financial advisor, legal counsel, or accountant regarding the dividends received deduction.

Disposition of Common Shares

A U.S. Holder will recognize gain or loss on the sale or other taxable disposition of Common Shares in an amount equal to the difference, if any, between (a) the amount of cash plus the fair market value of any property received and (b) such U.S. Holder’s tax basis in the Common Shares sold or otherwise disposed of. Any such gain or loss generally will be capital gain or loss, which will be long-term capital gain or loss if the Common Shares are held for more than one year. Gain or loss recognized by a U.S. Holder on the sale or other taxable disposition of Common Shares generally will be treated as “U.S. source” for purposes of applying the U.S. foreign tax credit rules. (See more detailed discussion at “Foreign Tax Credit” below).

Preferential tax rates apply to long-term capital gains of a U.S. Holder that is an individual, estate, or trust. There are currently no preferential tax rates for long-term capital gains of a U.S. Holder that is a corporation. Deductions for capital losses and net capital losses are subject to complex limitations. For a U.S. Holder that is an individual, estate, or trust, capital losses may be used to offset capital gains and up to US\$3,000 of ordinary income. An unused capital loss of a U.S. Holder that is an individual, estate, or trust generally may be carried forward to subsequent taxable years, until such net capital loss is exhausted.

For a U.S. Holder that is a corporation, capital losses may be used to offset capital gains, and an unused capital loss generally may be carried back three years and carried forward five years from the year in which such net capital loss is recognized.

Foreign Tax Credit

A U.S. Holder who pays (whether directly or through withholding) Canadian income tax with respect to dividends paid on the Common Shares generally will be entitled, at the election of such U.S. Holder, to receive either a deduction or a credit for such Canadian income tax paid. Generally, a credit will reduce a U.S. Holder’s U.S. federal income tax liability on a dollar-for-dollar basis, whereas a deduction will reduce a U.S. Holder’s income subject to U.S. federal income tax. This election is made on a year-by-year basis and applies to all foreign taxes paid (whether directly or through withholding) by a U.S. Holder during a year.

Complex limitations apply to the foreign tax credit, including the general limitation that the credit cannot exceed the proportionate share of a U.S. Holder’s U.S. federal income tax liability that such U.S. Holder’s “foreign source” taxable income bears to such U.S. Holder’s worldwide taxable income. In applying this limitation, a U.S. Holder’s various items of income and deduction must be classified, under complex rules, as either “foreign source” or “U.S. source.” In addition, this limitation is calculated separately with respect to specific categories of income (including “passive income,” “high withholding tax interest,” “financial services income,” “general income,” and certain other categories of income). Dividends paid by us generally will constitute “foreign source” income and generally will be categorized as “passive income” or, in the case of certain U.S. Holders, “financial services income.” However, for taxable years beginning after December 31, 2006, the foreign tax credit limitation categories are reduced to “passive income” and “general income” (and the other categories of income, including “financial services income,” are eliminated). The foreign tax credit rules are complex, and each U.S. Holder should consult its own financial advisor, legal counsel, or accountant regarding the foreign tax credit rules.

Information Reporting; Backup Withholding Tax

Payments made within the U.S., or by a U.S. payor or U.S. middleman, of dividends on, and proceeds arising from certain sales or other taxable dispositions of, Common Shares generally will be subject to information reporting and backup withholding tax, at the rate of 28%, if a U.S. Holder (a) fails to furnish such U.S. Holder's correct U.S. taxpayer identification number (generally on Form W-9), (b) furnishes an incorrect U.S. taxpayer identification number, (c) is notified by the IRS that such U.S. Holder has previously failed to properly report items subject to backup withholding tax, or (d) fails to certify, under penalty of perjury, that such U.S. Holder has furnished its correct U.S. taxpayer identification number and that the IRS has not notified such U.S. Holder that it is subject to backup withholding tax. However, U.S. Holders that are corporations generally are excluded from these information reporting and backup withholding tax rules. Any amounts withheld under the U.S. backup withholding tax rules will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability, if any, or will be refunded, if such U.S. Holder furnishes required information to the IRS. Each U.S. Holder should consult its own financial advisor, legal counsel, or accountant regarding the information reporting and backup withholding tax rules.

Additional Rules that May Apply to U.S. Holders

If we are a "controlled foreign corporation," or a "passive foreign investment company" (each as defined below), the preceding sections of this summary may not describe the U.S. federal income tax consequences to U.S. Holders of the acquisition, ownership, and disposition of Common Shares.

Controlled Foreign Corporation

We generally will be a "controlled foreign corporation" under Section 957 of the Code (a "CFC") if more than 50% of the total voting power or the total value of our outstanding shares are owned, directly or indirectly, by citizens or residents of the U.S., domestic partnerships, domestic corporations, domestic estates, or domestic trusts (each as defined in Section 7701(a)(30) of the Code), each of which own, directly or indirectly, 10% or more of the total voting power of our outstanding shares (a "10% Shareholder").

If we are a CFC, a 10% Shareholder generally will be subject to current U.S. federal income tax with respect to (a) such 10% Shareholder's pro rata share of the "subpart F income" (as defined in Section 952 of the Code) of the Company and (b) such 10% Shareholder's pro rata share of our earnings invested in "United States property" (as defined in Section 956 of the Code). In addition, under Section 1248 of the Code, any gain recognized on the sale or other taxable disposition of Common Shares by a U.S. Holder that was a 10% Shareholder at any time during the five-year period ending with such sale or other taxable disposition generally will be treated as a dividend to the extent of the "earnings and profits" of the Company that are attributable to such Common Shares. If we are both a CFC and a "passive foreign investment company" (as defined below), we generally will be treated as a CFC (and not as a "passive foreign investment company") with respect to any 10% Shareholder.

We do not believe that the Company has previously been, or currently is a CFC. However, there can be no assurance that we will not be a CFC for the current or any future taxable year.

Passive Foreign Investment Company

We generally will be a "passive foreign investment company" under Section 1297 of the Code (a "PFIC") if, for a taxable year, (a) 75% or more of our gross income for such taxable year is passive income or (b) 50% or more of the assets held by us either produce passive income or are held for the production of passive income, based on the fair market value of such assets (or on the adjusted tax basis of such assets, if we are not publicly traded and either is a "controlled foreign corporation" or makes an election). "Passive income" includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions.

For purposes of the PFIC income test and asset test described above, if we own, directly or indirectly, 25% or more of the total value of the outstanding shares of another foreign corporation, we will be treated as if it (a) held a proportionate share of the assets of such other foreign corporation and (b) received directly a proportionate share of the income of such other foreign corporation. In addition, for purposes of the PFIC income test and asset test described above, "passive income" does not include any interest, dividends, rents, or royalties that are received or accrued by us from a "related person" (as defined in Section 954(d)(3) of the Code), to the extent such items are properly allocable to the income of such related person that is not passive income.

We do not believe that the Company has previously been, or currently are a PFIC. However, there can be no assurance that the IRS will not challenge our determination concerning our PFIC status or that we will not be a PFIC for the current or any future taxable year.

Default PFIC Rules Under Section 1291 of the Code

If we are a PFIC, the U.S. federal income tax consequences to a U.S. Holder of the acquisition, ownership, and disposition of Common Shares will depend on whether such U.S. Holder makes an election to treat the Company as a “qualified electing fund” or “QEF” under Section 1295 of the Code (a “QEF Election”) or a mark-to-market election under Section 1296 of the Code (a “Mark-to-Market Election”). A U.S. Holder that does not make either a QEF Election or a Mark-to-Market Election will be referred to in this summary as a “Non-Electing U.S. Holder.”

A Non-Electing U.S. Holder will be subject to the rules of Section 1291 of the Code with respect to (a) any gain recognized on the sale or other taxable disposition of Common Shares and (b) any excess distribution paid on the Common Shares. A distribution generally will be an “excess distribution” to the extent that such distribution (together with all other distributions received in the current taxable year) exceeds 125% of the average distributions received during the three preceding taxable years (or during a U.S. Holder’s holding period for the Common Shares, if shorter).

Under Section 1291 of the Code, any gain recognized on the sale or other taxable disposition of Common Shares, and any excess distribution paid on the Common Shares, must be ratably allocated to each day in a Non-Electing U.S. Holder’s holding period for the Common Shares. The amount of any such gain or excess distribution allocated to prior years of such Non-Electing U.S. Holder’s holding period for the Class Common Shares (other than years prior to the first taxable year of the Company during such Non-Electing U.S. Holder’s holding period and beginning after December 31, 1986 for which we was not a PFIC) will be subject to U.S. federal income tax at the highest tax applicable to ordinary income in each such prior year. A Non-Electing U.S. Holder will be required to pay interest on the resulting tax liability for each such prior year, calculated as if such tax liability had been due in each such prior year. Such a Non-Electing U.S. Holder that is not a corporation must treat any such interest paid as “personal interest,” which is not deductible. The amount of any such gain or excess distribution allocated to the current year of such Non-Electing U.S. Holder’s holding period for the Common Shares will be treated as ordinary income in the current year, and no interest charge will be incurred with respect to the resulting tax liability for the current year.

If we are a PFIC for any taxable year during which a Non-Electing U.S. Holder holds Common Shares, we will continue to be treated as a PFIC with respect to such Non-Electing U.S. Holder, regardless of whether we cease to be a PFIC in one or more subsequent years. A Non-Electing U.S. Holder may terminate this deemed PFIC status by electing to recognize gain (which will be taxed under the rules of Section 1291 of the Code discussed above) as if such Common Shares were sold on the last day of the last taxable year for which the Company was a PFIC.

QEF Election

A U.S. Holder that makes a QEF Election generally will not be subject to the rules of Section 1291 of the Code discussed above. However, a U.S. Holder that makes a QEF Election will be subject to U.S. federal income tax on such U.S. Holder’s pro rata share of (a) the net capital gain of the Company, which will be taxed as long-term capital gain to such U.S. Holder, and (b) the ordinary earnings of the Company, which will be taxed as ordinary income to such U.S. Holder. Generally, “net capital gain” is the excess of (a) net long-term capital gain over (b) net short-term capital loss, and “ordinary earnings” are the excess of (a) “earnings and profits” over (b) net capital gain. A U.S. Holder that makes a QEF Election will be subject to U.S. federal income tax on such amounts for each taxable year in which we are a PFIC, regardless of whether such amounts are actually distributed to such U.S. Holder by us.

However, a U.S. Holder that makes a QEF Election may, subject to certain limitations, elect to defer payment of current U.S. federal income tax on such amounts, subject to an interest charge. If such U.S. Holder is not a corporation, any such interest paid will be treated as “personal interest,” which is not deductible.

A U.S. Holder that makes a QEF Election generally also (a) may receive a tax-free distribution from us to the extent that such distribution represents “earnings and profits” of the Company that were previously included in income by the U.S. Holder because of such QEF Election and (b) will adjust such U.S. Holder’s tax basis in the Common Shares to reflect the amount included in income or allowed as a tax-free distribution because of such QEF Election. In addition, a U.S. Holder that makes a QEF Election generally will recognize capital gain or loss on the sale or other taxable disposition of Common Shares.

The procedure for making a QEF Election, and the U.S. federal income tax consequences of making a QEF Election, will depend on whether such QEF Election is timely. A QEF Election will be treated as “timely” if such QEF Election is made for the first year in the U.S. Holder’s holding period for the Common Shares in which we were a PFIC. A U.S. Holder may make a timely QEF Election by filing the appropriate QEF Election documents at the time such U.S. Holder files a U.S. federal income tax return for such first year. However, if we were a PFIC in a prior year, then in addition to filing the QEF Election documents, a U.S. Holder must elect to recognize (a) a gain (which will be taxed under the rules of Section 1291 of the Code discussed above) as if the Common Shares were sold on the qualification date or (b) if we were also a CFC, such U.S. Holder’s pro rata share of the post-1986 “earnings and profits” of the Company as of the qualification date. The “qualification date” is the first day of the first taxable year in which we were a QEF with respect to such U.S. Holder. The election to recognize such gain or “earnings and profits” can only be made if such U.S. Holder’s holding period for the Common Shares includes the qualification date. By electing to recognize such gain or “earnings and profits,” such U.S. Holder will be deemed to have made a timely QEF Election. In addition, under very limited circumstances, a U.S. Holder may make a retroactive QEF Election if such U.S. Holder failed to file the QEF Election documents in a timely manner.

A QEF Election will apply to the taxable year for which such QEF Election is made and to all subsequent taxable years, unless such QEF Election is invalidated or terminated or the IRS consents to revocation of such QEF Election. If a U.S. Holder makes a QEF Election and, in a subsequent taxable year, we cease to be a PFIC, the QEF Election will remain in effect (although it will not be applicable) during those taxable years in which we are not a PFIC. Accordingly, if we become a PFIC in another subsequent taxable year, the QEF Election will be effective and the U.S. Holder will be subject to the QEF rules described above during any such subsequent taxable year in which we qualify as a PFIC. In addition, the QEF Election will remain in effect (although it will not be applicable) with respect to a U.S. Holder even after such U.S. Holder disposes of all of such U.S. Holder’s direct and indirect interest in the Common Shares. Accordingly, if such U.S. Holder reacquires an interest in the Company, such U.S. Holder will be subject to the QEF rules described above for each taxable year in which we are a PFIC.

Each U.S. Holder should consult its own financial advisor, legal counsel, or accountant regarding the availability of, and procedure for making, a QEF Election. U.S. Holders should be aware that there can be no assurance that we will satisfy record keeping requirements that apply to a QEF, or that we will supply U.S. Holders with information that such U.S. Holders require to report under the QEF rules, in event that we are a PFIC and a U.S. Holder wishes to make a QEF Election.

Mark-to-Market Election

A U.S. Holder may make a Mark-to-Market Election only if the Common Shares are marketable stock. The Common Shares generally will be “marketable stock” if the Common Shares are regularly traded on (a) a national securities exchange that is registered with the Securities and Exchange Commission, (b) the national market system established pursuant to section 11A of the Securities and Exchange Act of 1934, or (c) a foreign securities exchange that is regulated or supervised by a governmental authority of the country in which the market is located, provided that (i) such foreign exchange has trading volume, listing, financial disclosure, and other requirements and the laws of the country in which such foreign exchange is located, together with the rules of such foreign exchange, ensure that such requirements are actually enforced and (ii) the rules of such foreign exchange ensure active trading of listed stocks.

A U.S. Holder that makes a Mark-to-Market Election generally will not be subject to the rules of Section 1291 of the Code discussed above. However, if a U.S. Holder makes a Mark-to-Market Election after the beginning of such U.S. Holder’s holding period for the Common Shares and such U.S. Holder has not made a timely QEF Election, the rules of Section 1291 of the Code discussed above will apply to certain dispositions of, and distributions on, the Common Shares.

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A U.S. Holder that makes a Mark-to-Market Election will include in ordinary income, for each taxable year in which we are a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the Common Shares as of the close of such taxable year over (b) such U.S. Holder's tax basis in such Common Shares. A U.S. Holder that makes a Mark-to-Market Election will be allowed a deduction in an amount equal to the lesser of (a) the excess, if any, of (i) such U.S. Holder's adjusted tax basis in the Common Shares over (ii) the fair market value of such Common Shares as of the close of such taxable year or (b) the excess, if any, of (i) the amount included in ordinary income because of such Mark-to-Market Election for prior taxable years over (ii) the amount allowed as a deduction because of such Mark-to-Market Election for prior taxable years.

A U.S. Holder that makes a Mark-to-Market Election generally also will adjust such U.S. Holder's tax basis in the Common Shares to reflect the amount included in gross income or allowed as a deduction because of such Mark-to-Market Election. In addition, upon a sale or other taxable disposition of Common Shares, a U.S. Holder that makes a Mark-to-Market Election will recognize ordinary income or loss (not to exceed the excess, if any, of (a) the amount included in ordinary income because of such Mark-to-Market Election for prior taxable years over (b) the amount allowed as a deduction because of such Mark-to-Market Election for prior taxable years).

A Mark-to-Market Election applies to the taxable year in which such Mark-to-Market Election is made and to each subsequent taxable year, unless the Common Shares cease to be "marketable stock" or the IRS consents to revocation of such election. Each U.S. Holder should consult its own financial advisor, legal counsel, or accountant regarding the availability of, and procedure for making, a Mark-to-Market Election.

Other PFIC Rules

Under Section 1291(f) of the Code, the IRS has issued proposed Treasury Regulations that, subject to certain exceptions, would cause a U.S. Holder that had not made a timely QEF Election to recognize gain (but not loss) upon certain transfers of Common Shares that would otherwise be tax-deferred (e.g., gifts and exchanges pursuant to corporate reorganizations). However, the specific U.S. federal income tax consequences to a U.S. Holder may vary based on the manner in which Common Shares are transferred.

Certain additional adverse rules will apply with respect to a U.S. Holder if we are a PFIC, regardless of whether such U.S. Holder makes a QEF Election. For example under Section 1298(b)(6) of the Code, a U.S. Holder that uses Common Shares as security for a loan will, except as may be provided in Treasury Regulations, be treated as having made a taxable disposition of such Common Shares.

The PFIC rules are complex, and each U.S. Holder should consult its own financial advisor, legal counsel, or accountant regarding the PFIC rules and how the PFIC rules may affect the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Common Shares.

This summary is of a general nature only and is not intended to be relied on as legal or tax advice or representations to any particular investor. Consequently, potential investors are urged to seek independent tax advice in respect of the consequences to them of the acquisition of common stock having regard to their particular circumstances.

(F) DIVIDEND AND PAYING AGENTS

Not applicable.

(G) STATEMENT BY EXPERTS

Not applicable.

(H) DOCUMENTS ON DISPLAY

The documents concerning the Company referred to in this Annual Report may be inspected at the Company's office at 217 Queen Street West, Suite 401, Toronto, Ontario, Canada, M5V 0R2. The Company may be reached at (917) 843-2169. Documents filed with the Securities and Exchange Commission ("SEC") may also be read and copied at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms.

The Company is subject to reporting requirements as a "reporting issuer" under applicable securities legislation in Canada and as a "foreign private issuer" under the Securities Exchange Act of 1934 (the "Exchange Act"). As a result, we must file periodic reports and other information with the Canadian securities regulatory authorities and the Securities and Exchange Commission.

A copy of this Form 20-F Annual Report and certain other documents referred to in this Annual Report and other documents filed by us may be retrieved from the system for electronic document analysis and retrieval ("SEDAR") system maintained by the Canadian securities regulatory authorities at www.sedar.ca or from the Securities and Exchange Commission electronic data gathering, analysis and retrieval system ("EDGAR") at www.sec.gov/edgar.

(I) SUBSIDIARY INFORMATION

The documents concerning the Company's subsidiaries referred to in this Annual Report may be inspected at the Company's office at 217 Queen Street West, Suite 401, Toronto, Ontario, Canada, M5V 0R2.

ITEM 11 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company, through its financial assets and liabilities, is exposed to various risks. The Company has established policies and procedures to manage these risks, with the objective of minimizing any adverse effect that changes in these variables could have on these consolidated financial statements. The following analysis provides a measurement of risks as at June 30, 2024:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is not exposed to any significant credit risk.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due within one year. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. As at June 30, 2024, there is substantial doubt about the Company's ability to continue as a going concern primarily due to its history of losses and negative working capital. Liquidity risk continues to be a key concern in the development of future operations.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rates on all of the Company's existing debt are fixed, and therefore it is not currently subject to any significant interest rate risk.

The Company is exposed to foreign currency risk from fluctuations in foreign exchange rates and the degree of volatility in these rates due to the timing of their accounts payable balances. The risk is mitigated by timely payment of creditors and monitoring of foreign exchange fluctuations by management. As at June 30, 2024, the Company did not use derivative instruments to hedge its exposure to foreign currency risk.

The Company's operations do not involve the direct input or output of any commodities and therefore it is not subject to any significant commodity price risk. In addition, the Company does not have any equity investment in other listed public companies, and therefore it is not subject to any significant stock market price risk.

ITEM 12 - DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not required since this is an annual report.

PART II

ITEM 13 - DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14 - MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

No modifications or qualifications have been made to the instruments defining the rights of the holders of our Common Shares and no material amount of assets securing our securities has been withdrawn or substituted by us or anyone else (other than in the ordinary course of business).

As explained earlier, we have moved the jurisdiction of our company from the OBCA to the CBCA and have revised the by-laws which govern rights of the security holders. We do not believe that these changes have materially affected or modified the said rights.

On January 3, 2018, the Company changed its name to its current name, “CordovaCann Corp.” The Company’s certificate of amendment is filed as Exhibit 1.16 to this Annual Report and is incorporated herein by reference.

ITEM 15 - CONTROLS AND PROCEDURES

A. Evaluation of Our Disclosure Controls and Internal Controls

Under the supervision and with the participation of our senior management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the *Securities Exchange Act of 1934*, as amended, (the “Exchange Act”) as of the end of the period covered by this annual report (the “Evaluation Date”).

Our disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of June 30, 2024.

B. Management’s Annual Report on Internal Control over Financial Reporting

Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes of International Financial Reporting Standards as issued by the International Accounting Standards Board. It is our management’s responsibility to establish and maintain adequate internal control over financial reporting for the Company. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving their control objectives. In evaluating the effectiveness of our internal control over financial reporting, our management used the criteria set for the by the 2013 framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“2013 COSO”). Based on the Company’s evaluation and the material weaknesses described below, management concluded that the Company did not maintain effective internal control over financial reporting as at June 30, 2024 based on the 2013 COSO framework criteria. Management has identified control deficiencies regarding the: (i) lack of segregation of duties; (ii) reliance on independent consultants for review of critical accounting areas and disclosures; and (iii) lack of sufficient financial and personnel resources to design, document and effectuate internal controls over financial reporting. Management of the Company believes that these material weaknesses are due to the small size of the Company’s accounting staff. The small size of the Company’s accounting staff may prevent adequate controls in the future, such as segregation of duties, due to the cost/benefit of such remediation. To mitigate the current limited resources and limited staff, the Company relies heavily on direct management oversight of transactions, along with the use of legal and accounting professionals. As the Company grows, the number of employees is expected to increase, which will enable the Company to implement adequate segregation of duties within the internal control framework.

These control deficiencies could result in a misstatement of account balances that would result in a reasonable possibility that a material misstatement to the Company's consolidated financial statements may not be prevented or detected on a timely basis. Accordingly, the Company has determined that these control deficiencies as described above together constitute a material weakness.

In light of these material weaknesses, the Company performed additional analyses and procedures in order to conclude that its consolidated financial statements for the year ended June 30, 2024 included in this Annual Report on Form 20-F were fairly stated in accordance with the accounting principles generally accepted in Canada. Accordingly, management believes that despite the Company's material weaknesses, its consolidated financial statements for the year ended June 30, 2024 are fairly stated, in all material respects, in accordance with the accounting principles generally accepted in Canada.

This Annual Report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting, as the Company does not meet the requirements to require such attestation. Management's report was not subject to attestation by our independent registered public accounting firm pursuant to temporary rules of the SEC that permit us to provide only management's report in this report.

The Company's management, including its Chief Executive Officer and Chief Financial Officer, does not expect that the Company's disclosure controls and procedures or internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include, but are not limited to, the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

C. Changes in Internal Controls

There have been no changes in the Company's internal controls over financial reporting that occurred during the year ended June 30, 2024 that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

ITEM 16 - [RESERVED]

ITEM 16A - AUDIT COMMITTEE FINANCIAL EXPERTS

As at the Company's financial year ended June 30, 2024 the audit committee consisted of four directors, all of whom would be qualified as an audit committee financial expert, as that term is defined under Section 407 of the Sarbanes-Oxley Act of 2002. The background of the directors is described under Item 6(A) Directors and senior management.

The current members of the Company's Audit Committee are Dale Rasmussen, who is also the Chair of the Audit Committee, Thomas (Taz) M. Turner, Jr., Jakob Ripshtein and Benjamin Higham. Mr. Rasmussen, Mr. Ripshtein, and Mr. Higham are "independent" members of the Audit Committee. Mr. Turner, the Company's Chief Executive Officer is not considered to be independent members of the Audit Committee; however, the Board of Directors has made a subjective determination that no relationships exist which would interfere with the exercise of independent judgment in Mr. Turner carrying out the responsibilities of a director.

ITEM 16B CODE OF ETHICS

On February 9, 2007, the Company adopted a Code of Ethics that applies to its principal executive officer and principal financial officer, or persons performing similar functions. A copy of our Code of Ethics will be provided to any person requesting same without charge. To request a copy of our Code of Ethics, please make a written request to our Chief Financial Officer at 217 Queen Street West, Suite 401, Toronto, Ontario, M5V 0R2.

ITEM 16C PRINCIPAL ACCOUNTANT'S FEES AND SERVICES

The following outlines the expenditures for accounting fees for the last two fiscal years ended:

	June 30, 2024	June 30, 2023
Audit Fees	\$ 90,000	\$ 90,000
Audit Related Fees	-	-
Tax Fees	-	-
All Other Fees	-	-

Under our existing policies, the audit committee must pre-approve all audit and non-audit related services provided by the auditors.

ITEM 16D EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

ITEM 16F CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

On October 18, 2023, the Company's Board of Directors and Audit Committee requested that Kreston GTA LLP (the "Former Auditor") resign as the Company's auditor to facilitate the appointment of DNTW Toronto LLP (the "Successor Auditor") as the Company's new auditor until the next annual general meeting, effective immediately on the date thereof.

The audit report of the Former Auditor on the Company's consolidated financial statements as of and for the years ended June 30, 2022 and 2021 did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles. During the two fiscal years ended June 30, 2022 and June 30, 2021 and through October 18, 2023 there were no (i) disagreements with the Former Auditor on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreements if not resolved to their satisfaction would have caused them to make reference in connection with their report to the subject matter of the disagreement, or (ii) reportable events as described in Item 16F(a)(1)(v) of Form 20-F. The Company has provided the Former Auditor with a copy of the foregoing disclosure and has requested that they furnish the Company with a letter addressed to the SEC stating whether they agree with such disclosure and, if not, stating the respects in which they do not agree.

ITEM 16G CORPORATE GOVERNANCE

The Company's securities are listed on the CSE and with the OTC Markets Group and trade both on the CSE and the OTCQB marketplace. There are no significant ways in which our corporate governance practices differ from those followed by domestic companies under the listing standards of that exchange except for proxy delivery requirements. The CSE and the OTC marketplace requires the solicitation of proxies and delivery of proxy statements for all shareholder meetings, and requires that these proxies be solicited pursuant to a proxy statement that conforms to the proxy rules of the U.S. Securities and Exchange Commission. As a foreign private issuer, the Company is exempt from the proxy rules set forth in Sections 14(a), 14(b), 14(c) and 14(f) of the Act. The Company solicits proxies in accordance with applicable rules and regulations in Canada.

PART III

ITEM 17 - FINANCIAL STATEMENTS

Not applicable.

ITEM 18 - FINANCIAL STATEMENTS

See the Consolidated Financial Statements and Exhibits listed in Item 19 hereof and filed as part of this Annual Report.

These Consolidated Financial Statements of the Company have been prepared in Canadian Dollars in accordance with International Financial Reporting Standards (“IFRS”) as promulgated by the International Accounting Standards Board (“IASB”) on a going concern basis which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. For a history of exchange rates in effect for Canadian Dollars as against United States Dollars, see Item 3(A) Exchange Rates of this Annual Report.

ITEM 19 - EXHIBITS

(a) Financial Statements -

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CordovaCann Corp.

Consolidated Financial Statements

For the Years Ended June 30, 2024, 2023 and 2022

(Expressed in Canadian Dollars)

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
CordovaCann Corp.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of CordovaCann Corp. (the “Company”) as of June 30, 2024 and 2023, and the related consolidated statements of operations and comprehensive loss, changes in equity (deficiency), and cash flows for the years then ended, and the related notes (collectively referred to as the consolidated financial statements).

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which describe the events and conditions that indicate the existence of material uncertainties that may cast significant doubt about the company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.



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Impairment of Intangible Assets

Critical Audit Matter Description

We draw attention to Notes 11 to the consolidated financial statements. Management tests its intangible assets for impairment on an annual basis. No impairment loss was recognized for the intangible asset – Starbuds trade name for the year ended June 30, 2024. When performing impairment tests, the Company uses judgment in estimating the recoverable values of the cash-generating units (“CGUs”) and uses value in use valuation models that consider various factors and assumptions including forecasted cash flows, revenue growth rates, royalty rate and discount rates. The use of different assumptions and estimates could influence the valuation of intangible assets and the determination of impairment. The recoverable amount of the CGUs is estimated based on an assessment of their value in use by using a discounted cash flow approach. Cash flows for the years thereafter are extrapolated using the estimated terminal growth rate. The Company has made certain assumptions in determining the cash flow projections. Key assumptions include revenue growth rates, royalty rate and discount rates.

We identified the evaluation of impairment of intangible assets as a critical audit matter. This matter represented a significant risk of material misstatement given the magnitude of the intangible asset amounts and the high degree of estimation uncertainty in determining the recoverable amount of the CGU. In addition, significant auditor judgment was required in evaluating the results of our audit procedures due to the sensitivity of the recoverable amount to changes in certain key assumptions.

How the Critical Audit Matter Was Addressed in the Audit

The following among others are the primary procedures we performed to address this critical audit matter:

- We assessed the reasonableness of projected growth rates and cash flows by comparing the Company’s projection to Company’s subsequent performance and current industry, market, and economic trends while also considering changes in the Company’s business model.
- We evaluated the appropriateness of management’s recoverability test and impairment loss measurement.
- We performed sensitivity analysis on the assumptions used to assess the impact of the discount rate estimated, and to evaluate the changes in the fair value of the intangible asset.
- We developed an independent expectation of impairment loss amount to assess the reasonableness of management’s amount.

Comparative Information

The consolidated financial statements of the Company as at June 30, 2022 and for the years then ended were audited by another auditor who expressed an unqualified (unmodified) opinion on those consolidated financial statements on October 27, 2022.

We have served as the Company’s auditor since 2023.

DNTW Toronto LLP

Chartered Professional Accountants

Licensed Public Accountants

Markham, Canada

October 28, 2024

CordovaCann Corp.

Consolidated Statements of Financial Position

As at June 30, 2024 and 2023

(Expressed in Canadian Dollars)

As at	Note	June 30, 2024 \$	June 30, 2023 \$
ASSETS			
Current			
Cash and cash equivalents		552,467	248,416
Restricted cash	6	-	171,405
Accounts receivable		50,582	47,202
Sales tax receivable		31,680	-
Prepaid expenses and deposits		186,979	209,493
Inventory	7	931,877	919,481
Other deposit	8	-	52,960
Total current assets		1,753,585	1,648,957
Property and equipment, net	9	2,632,505	2,880,863
Right-of-use assets	10	1,960,483	2,395,049
Intangible assets	11	3,098,339	3,098,339
Licenses	12	108,583	240,498
Total assets		9,553,495	10,263,706
LIABILITIES			
Current			
Accounts payable and accrued liabilities		5,774,417	4,600,357
Mortgage payable	13	35,856	31,475
Income taxes payable		75,588	132,318
Contract liability	14	53,927	52,166
Sales tax payable		-	33,623
Lease liabilities	15	435,276	419,529
Convertible debentures	18	1,176,856	1,042,763
Promissory notes payable	16	1,620,273	1,569,253
Total current liabilities		9,172,193	7,881,484
Deferred tax liability		-	6,300
Mortgage payable	13	906,344	911,428
Contract liability	14	36,049	86,752
Lease liabilities	15	2,035,922	2,404,964
Total liabilities		12,150,508	11,290,928
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	17	30,475,107	30,475,107
Contributed surplus		8,036,990	8,036,990
Accumulated deficit		(41,787,524)	(40,294,989)
Accumulated other comprehensive income		(24,563)	64,019
Total shareholders' equity (deficiency) attributable to CordovaCann Corp.		(3,299,990)	(1,718,873)
Non-controlling interests		702,977	691,651
Total equity		(2,597,013)	(1,027,222)
Total liabilities and shareholders' equity		9,553,495	10,263,706
Nature of operations and going concern (Note 1)			
Commitments and contingencies (Note 21)			
Related party transactions (Note 22)			
Subsequent events (Note 27)			

Approved on behalf of the Board:

“Dale Rasmussen”, Director
(signed)

“Thomas M. Turner, Jr.”, Director
(signed)

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

CordovaCann Corp.

Consolidated Statements of Operations and Comprehensive Loss

For the Years Ended June 30, 2024, 2023 and 2022

(Expressed in Canadian Dollars)

	Note	2024 \$	2023 \$	2022 \$
Revenue		13,797,150	13,594,706	13,526,084
Cost of sales		(9,720,238)	(9,733,113)	(9,798,408)
Gross profit		4,076,912	3,861,593	3,727,676
Expenses				
Salaries and wages		1,823,978	2,336,569	2,183,630
Consulting fees		690,033	1,005,312	1,289,457
Office and general		516,557	1,022,545	1,145,361
Leases and utilities		315,220	327,331	470,996
Shareholders information services		232,127	231,971	249,099
Professional fees		198,738	213,188	268,055
Amortization of right-of-use assets	10	491,705	694,730	782,108
Depreciation	9	318,599	345,095	345,188
Amortization of licenses	12	131,915	164,582	164,582
Share based compensation	19,20	-	-	1,920
		4,718,872	6,341,323	6,900,396
Loss before other income (expense)		(641,960)	(2,479,730)	(3,172,720)
Interest on lease liability	15	(332,687)	(473,136)	(531,768)
Interest expense	13,16,18	(244,189)	(529,473)	(308,877)
Other income		183,547	182,813	186,257
Foreign exchange gain		9,933	49,363	186,372
Accretion expense	16,18	-	(26,741)	(61,319)
Loss on convertible debentures	18	-	(218,567)	-
Impairment of assets	9	-	(1,030,537)	(211,774)
Impairment of intangible assets	11	-	(2,145,628)	-
Gain on extinguishment of lease	10,15	-	52,126	29,635
Allowance for loan receivable		-	(264,800)	-
Loss on settlement		-	-	(99,635)
Loss before income tax expense		(1,025,356)	(6,884,310)	(3,983,829)
Current	25	(256,000)	(48,720)	(54,757)
Deferred	25	6,300	15,120	15,120
Net loss		(1,275,056)	(6,917,910)	(4,023,466)
Net loss per share - basic and diluted		(0.01)	(0.06)	(0.04)
Weighted average number of outstanding common shares - basic and diluted		109,502,853	109,502,853	100,632,038
Net loss		(1,275,056)	(6,917,910)	(4,023,466)
Foreign exchange translation adjustment		(88,582)	(6,054)	(7,802)
Comprehensive loss		(1,363,638)	(6,923,964)	(4,031,268)
Net income (loss) attributable to:				
CordovaCann Corp.		(1,492,535)	(6,884,668)	(3,956,931)
Non-controlling interests		217,479	(33,242)	(66,535)
Comprehensive income (loss) attributable to:				
CordovaCann Corp.		(1,581,117)	(6,890,722)	(3,964,733)
Non-controlling interests		217,479	(33,242)	(66,535)

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

CordovaCann Corp.

For the Years Ended June 30, 2024, 2023 and 2022

(Expressed in Canadian Dollars)

[illegible]

(loss) for the year	-	-	-	-	-	(1,492,535)	-	217,479	(1,275,056)
Balance, June 30, 2024	109,502,853	30,475,107	8,036,990	-	-	(41,787,524)	(24,563)	702,977	(2,597,013)

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

CordovaCann Corp.

Consolidated Statements of Cash Flows

For the Years Ended June 30, 2024, 2023 and 2022

(Expressed in Canadian Dollars)

	2024	2023	2022
	\$	\$	\$
Operating activities			
Net loss for the year	(1,275,056)	(6,917,910)	(4,023,466)
Adjusted for non-cash items:			
Amortization of right-of-use assets	491,705	694,730	782,108
Depreciation	318,599	345,095	345,188
Amortization of licenses	131,915	164,582	164,582
Share based compensation	-	-	1,920
Interest on lease liability	332,687	473,136	531,768
Interest expense	244,189	529,473	308,877
Foreign exchange loss (gain)	(9,933)	(49,363)	(186,372)
Accretion expense	-	26,741	61,319
Loss on convertible debentures	-	218,567	-
Income taxes expense	256,000	48,720	54,757
Deferred tax recovery	(6,300)	(15,120)	(15,120)
Impairment of assets	-	1,030,537	211,774
Impairment of intangible assets	-	2,145,628	-
Allowance for loan receivable	-	264,800	-
Loss on settlement	-	-	99,635
Gain on extinguishment of lease	-	(52,126)	(29,635)
Changes in non-cash working capital items:			
Accounts receivable	(3,380)	34,101	(73,379)
Prepaid expenses and deposits	22,514	(87,777)	(52,595)
Inventory	(12,396)	(195,528)	(219,432)
Accounts payable and accrued liabilities	1,174,060	1,043,185	231,001
Harmonized sales tax payable (receivable)	(65,303)	76,273	(172,295)
Income taxes payable	(56,730)	(183,699)	(51,132)
Contract liability	(48,942)	(46,778)	(41,207)
Cash provided by (used in) operating activities	1,493,629	(452,733)	(2,071,704)
Investing activities			
Additions to property and equipment	-	(761,937)	(661,636)
Proceeds from disposal of property and equipment	-	-	2,726,680
Repayment of deposit received	52,960	53,059	-
Cash provided by (used in) investing activities	52,960	(708,878)	2,065,044
Financing activities			
Repayment of promissory notes	(6,776)	(272,194)	(583,809)
Proceeds from issuance of promissory notes	-	1,272,715	888,405
Repayment of mortgage payable	(124,901)	(206,849)	(755,789)
Proceeds from refinanced mortgage payable	-	95,485	-
Payment of lease liabilities	(758,676)	(1,023,517)	(985,192)
Proceeds from private placement	-	-	1,981,810
Proceeds from the exercise of warrants	-	-	210,000
Payment of dividends to non-controlling interest shareholders	(206,153)	-	(34,737)
Cash provided by (used in) financing activities	(1,096,506)	(134,360)	720,688
Effect of exchange rate changes on cash	(317,437)	(32,684)	(24,046)
Net increase (decrease) in cash and cash equivalents	132,646	(1,328,655)	689,982
Cash and cash equivalents, beginning of year	419,821	1,748,476	1,058,494
Cash and cash equivalents, end of year	552,467	419,821	1,748,476
Cash and cash equivalents consist of:			
Cash	552,467	248,416	714,826
Restricted cash	-	171,405	1,033,650

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

CordovaCann Corp.

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2024, 2023 and 2022

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

CordovaCann Corp. (the “Company” or “CordovaCann” or “Cordova”) is a Canadian-domiciled company focused on building a leading, diversified cannabis products business across multiple jurisdictions including Canada and the United States. CordovaCann primarily provides services and investment capital to the processing, production and retail vertical markets of the cannabis industry. The Company’s principal address is 217 Queen Street West, Suite 401, Toronto, Ontario, M5V 0R2.

The Company’s common shares currently trade on the Canadian Securities Exchange under the symbol “CDVA” and in the United States on the OTCQB under the symbol “LVRLF”.

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as promulgated by the International Accounting Standards Board (“IASB”) on a going concern basis which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. There is substantial doubt about the Company’s ability to continue as a going concern as the Company incurred a comprehensive loss of \$1,363,638 (June 30, 2023 – \$6,923,964; June 30, 2022 – \$4,023,466) during the year ended June 30, 2024 and has a total accumulated deficit of \$41,787,524 (June 30, 2023 – \$40,294,989) as at June 30, 2024. The Company’s ability to continue as a going concern is dependent upon its ability to access sufficient capital until it has stable profitable operations. This uncertainty may cast significant doubt about the ability of the Company to continue as a going concern. To this point, all operational activities and overhead costs have been funded through equity issuances, debt issuances and related party advances.

The Company believes that continued funding from equity and debt issuances will provide sufficient cash flow for it to continue as a going concern in its present form until its operations become profitable and cash flow positive, however, there can be no assurances that the Company will achieve this. These consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amount and classification of liabilities or any other adjustments that might be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION

(a) Statement of Compliance

These consolidated financial statements of the Company and its subsidiaries were prepared using accounting policies consistent with IFRS as issued by the IASB and interpretations of the IFRS Interpretations Committee (“IFRIC”).

These consolidated financial statements were authorized for issuance by the Board of Directors on October 28, 2024.

CordovaCann Corp.

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2024, 2023 and 2022

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (continued)

(b) Basis of Presentation

These consolidated financial statements have been prepared on a historical cost basis, except biological assets which were measured at fair value. Historical cost is based on the fair value of the consideration given in exchange for assets. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for certain cash flow information.

(c) Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars. The functional currency of the Company and its subsidiaries are detailed in Note 2(e) below.

Translation of foreign-currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of each subsidiary at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss resulting from the settlement of such transactions and from the translation at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Translation of financial statements of subsidiaries

In translating the financial statements of the Company's foreign subsidiaries from their functional currencies into the Company's presentation currency of Canadian dollars, statement of financial position accounts are translated using the closing exchange rate in effect at the statement of financial position date and income and expense accounts are translated using an average exchange rate prevailing during the reporting period. Adjustments resulting from the translation, if any, are included in accumulated other comprehensive income (loss) in shareholders' equity (deficiency).

(d) Use of Estimates and Judgements

The preparation of these consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of 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. The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The key assumptions concerning the future, and other key sources of estimation uncertainty as of the date of the statement of financial position that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next fiscal year arise in connection with the valuation of financial instruments, valuation of acquired assets, fair value of share purchase warrants, share-based payments and deferred tax assets.

CordovaCann Corp.

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2024, 2023 and 2022

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (continued)**(e) Basis of Consolidation**

These consolidated financial statements include those of the Company and its subsidiaries, which are the entities controlled by the Company. Control over an investee is achieved when the Company has power over the investee, has exposure or rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of its returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The following table lists the Company's subsidiaries and their functional currencies:

Name of Subsidiaries	Place of Incorporation	Proportion of Ownership Interest	Currency
CordovaCann Holdings Canada, Inc.	Ontario, Canada	100%	Canadian Dollars
Cordova Investments Canada, Inc.	Ontario, Canada	100%	Canadian Dollars
2734158 Ontario Inc.	Ontario, Canada	60.45%	Canadian Dollars
10062771 Manitoba Ltd.	Manitoba, Canada	51.00%	Canadian Dollars
CordovaCann Holdings, Inc.	Delaware, USA	100%	Canadian Dollars
Cordova CO Holdings, LLC	Colorado, USA	100%	United States Dollars
Cordova OR Holdings, LLC	Oregon, USA	100%	United States Dollars
CDVA Enterprises, LLC	California, USA	100%	United States Dollars
Cordova CA Holdings, LLC	California, USA	100%	United States Dollars
Cordova OR Operations, LLC	Oregon, USA	100%	United States Dollars
Cannabilt Farms, LLC	Oregon, USA	100%	United States Dollars
Cannabilt OR Retail, LLC	Oregon, USA	100%	United States Dollars
Cannabilt Holdings, Inc.	Oregon, USA	100%	United States Dollars
Future Processing, LLC	Oregon, USA	100%	United States Dollars
Extraction Technologies, LLC	Washington, USA	100%	United States Dollars
Cordova WA Holdings, LLC	Washington, USA	100%	United States Dollars
Cordova MA Holdings, Inc.	Massachusetts, USA	100%	United States Dollars

CordovaCann Corp.

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2024, 2023 and 2022

(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies used in the preparation of these consolidated financial statements are described below.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating policy decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Cash and cash equivalents

Cash consists of bank balances and cash held in trust. Cash equivalents consist of short-term deposits with original maturities of three months or less. As at June 30, 2024 and 2023, there were no cash equivalents. Restricted cash includes funds that can only be used for a specific purpose and has restrictions on use.

Inventories

Inventories for finished cannabis goods are initially valued at cost, and subsequently at the lower of cost and net realizable value. Cost is determined using the average costing method. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventories identified are written down to net realizable value.

Loss per share

Basic loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the dilution that would occur if outstanding stock options and share purchase warrants were exercised or converted into common shares using the treasury stock method and are calculated by dividing net loss applicable to common shares by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued. The inclusion of the Company's stock options and share purchase warrants in the computation of diluted loss per share would have an anti-dilutive effect on loss per share and are therefore excluded from the computation. Consequently, there is no difference between basic loss per share and diluted loss per share.

Revenue

Revenue from the sale of cannabis goods is recognized when the significant risks and rewards of ownership have been transferred, generally at the date of transfer of ownership title. Revenue from the sale of goods is measured at the fair value of the consideration received.

CordovaCann Corp.

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2024, 2023 and 2022

(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

Revenue (continued)

Service revenues, including long-term marketing contracts, are recognized over a period of time as performance obligations are completed. Payment of the transaction price for the marketing contract is typically due prior to the services being rendered and therefore, the transaction price is recognized as a contract liability, or deferred revenue, when payment is received. Contract liabilities are subsequently recognized into revenue as or when the Company fulfills its performance obligation.

Compound financial instruments

Compound financial instruments issued by the Company are comprised of convertible debentures that can be converted into common shares and promissory notes payable attached with warrants. The Compound financial instruments are segregated into their debt and equity components or derivative liability components at the date of issue, in accordance with the substance of the contractual agreements. The conversion feature of the convertible promissory notes is presumed to be classified as a derivative financial liability unless it meets all the criteria to recognize as equity instrument. One of criteria is that the conversion option exchanges a fixed amount of shares for a fixed amount of cash ("fixed for fixed").

If the conversion feature meets the fixed for fixed criteria, the conversion option will be classified as equity components. Equity instruments are instruments that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Therefore, when the initial carrying amount of the compound financial instruments is allocated to its equity and liability components, the equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. The sum of the carrying amounts assigned to the liability and equity components on initial recognition is always equal to the fair value that would be ascribed to the instrument as a whole. No gain or loss arises from initially recognizing the components of the instrument separately.

If the conversion feature does not meet the fixed for fixed criteria, the conversion option will be recorded as derivative financial liability, which must be separately accounted for at fair value on initial recognition. The carrying amount of the debt component, on initial recognition, is recalculated as the difference between the proceeds of the convertible promissory notes as a whole and the fair value of the derivative financial liabilities. Subsequent to initial recognition, the derivative financial liability is re-measured at fair value at the end of each reporting period with changes in fair value recognized in the statement of operation for each reporting period, while the debt component is accreted to the face value of the debt using the effective interest method.

Transaction costs are allocated to the debt and equity components in proportion to the allocation of the proceeds on initial recognition. Transaction costs allocated to equity components will be accounted for as a deduction from equity, net of any related income tax benefit; cost allocated to the derivative financial liability component are expensed; and cost allocated to the debt component are offset against the carrying amount of the liability and included in the determination of the effective interest rate.

CordovaCann Corp.

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2024, 2023 and 2022

(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

Compound financial instruments (continued)

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the computed financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or upon expiration, when the carrying value of the equity portion is transferred to common shares or contributed surplus.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the expected service periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the stock options reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

Financial instruments

The Company recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. Under IFRS 9, such financial assets or financial liabilities are initially recognized at fair value and the subsequent measurement depends on their classification.

Financial assets

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or at fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income ("FVTOCI"); or (iii) at fair value through profit or loss ("FVTPL").

Amortized cost - Financial assets classified and measured at amortized cost are those assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are SPPI. Financial assets classified at amortized cost are measured using the effective interest method.

CordovaCann Corp.

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2024, 2023 and 2022

(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)**Financial instruments (continued)**

Fair value through other comprehensive income - Financial assets classified and measured at FVTOCI are those assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows that are SPPI. This classification includes certain equity instruments where IFRS 9 allows an entity to make an irrevocable election to classify the equity instruments, on an instrument-by-instrument basis, that would otherwise be measured at FVTPL to present subsequent changes in FVTOCI.

FVTPL - Financial assets classified and measured at FVTPL are those assets that do not meet the criteria to be classified at amortized cost or at FVTOCI. This category includes debt instruments whose cash flow characteristics are not SPPI or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell the financial asset.

Financial liabilities

Under IFRS 9, financial liabilities are primarily classified at amortized cost with limited exceptions. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires. The Company's accounting policy for each category is as follows:

FVTPL - This category comprises derivatives, liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term, and certain financial liabilities that were designated at FVTPL from inception.

Amortized cost - Financial liabilities are recognized initially at fair value net of directly attributable transaction costs. They are subsequently recognized at amortized cost using effective interest method with interest expense recognized on an effective yield basis.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when the Company has a legal right to offset the amounts and it intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

The following table summarizes the classification of the Company's financial instruments:

Financial assets

Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Other deposit	Amortized cost

Financial liabilities

Accounts payable and accrued liabilities	Amortized cost
Convertible debentures	Amortized cost
Mortgage payable	Amortized cost
Contract liability	Amortized cost
Promissory notes payable	Amortized cost

CordovaCann Corp.

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2024, 2023 and 2022

(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)**Financial instruments (continued)**

IFRS 9 uses an expected credit loss impairment model which is applicable to financial assets measured at amortized cost where any expected future credit losses are provided for, irrespective of whether a loss event has occurred as at the reporting date. For accounts receivable excluding taxes receivable, the Company utilized a provision matrix, as permitted under the simplified approach, and has measured the expected credit losses based on lifetime expected credit losses taking into consideration historical credit loss experience and financial factors specific to the debtors and other factors. The carrying amount of trade receivables is reduced for any expected credit losses through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of comprehensive income. At the point when the Company is satisfied that no recovery of the amount owing is possible, the amount is considered not recoverable and the financial asset is written off.

Property and equipment, net

Equipment is stated at cost, less accumulated depreciation and any accumulated impairment losses. The gain or loss arising on the disposal or retirement of an item of equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of operations. Expenditures to replace a component of an item of equipment that is accounted for separately are capitalized and the existing carrying amount of the component written off. Other subsequent expenditures are capitalized if future economic benefits will arise from the expenditure. All other expenditures, including repair and maintenance, are recognized in the statement of operations as incurred.

Depreciation is charged to the income statement based on the cost, less estimated residual value, of the asset on a straight-line basis over the estimated useful life. Depreciation commences when the assets are available for use. The estimated useful lives are as follows:

	Method:	Rate:
Equipment	Straight-line	5 years
Furniture and fixtures	Straight-line	5 years
Leasehold improvements	Straight-line	Over the lease term
Computer equipment	Straight-line	2 years
Building	Straight-line	25 years

Property and equipment, excluding land, not yet ready for use are not amortized until they are available for use.

Impairment of long-lived assets

Long-lived assets, including property, plant and equipment and intangible assets are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU").

CordovaCann Corp.

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2024, 2023 and 2022

(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

Impairment of long-lived assets (continued)

The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss equal to the amount by which the carrying amount exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

Business combinations

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses and is accounted for using the acquisition method. The total consideration paid for the acquisition is the aggregate of the fair values of assets given, liabilities incurred or assumed, and equity instruments issued in exchange for control of the acquiree at the acquisition date. The acquisition date is the date where the Company obtains control of the acquiree.

The identifiable assets acquired, and liabilities assumed are recognized at their acquisition date fair values, except for deferred taxes and share-based payment awards where IFRS provides exceptions to recording the amounts at fair value. Acquisition costs are expensed in statement of operations and comprehensive income (loss). Contingent consideration, if any, is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination.

Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates with the corresponding gain or loss being recognized in profit or loss.

Non-controlling interest in the acquiree, if any, is recognized either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets, determined on an acquisition-by-acquisition basis. For each acquisition, the excess of total consideration, the fair value of previously held equity interest prior to obtaining control and the non-controlling interest in the acquiree, over the fair value of the identifiable net assets acquired or net liabilities assumed, is recorded as goodwill. Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. The measurement period is the period from the acquisition date to the date complete information about facts and circumstances that existed as of the acquisition date is received. However, the measurement period does not exceed one year from the acquisition date.

Equity

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects. When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction from total equity.

3. MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets acquired are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is the fair value at the date of acquisition. 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 expense on intangible assets with finite lives is recognised in the consolidated statement of operations and comprehensive loss. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually or more frequently when circumstances indicate that the carrying value may not be recoverable.

Asset type	Amortization method	Amortization term
Licenses	Straight-line	3 - 5 years
Starbuds trade name	N/A	Indefinite

Estimated useful lives of intangible assets are shorter of the economic life and the year the right is legally enforceable. The estimated useful life, residual value and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Following initial recognition, intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses.

Income taxes

Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized in equity, in which case it is recognized in equity. Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax liabilities or assets are recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes

levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

CordovaCann Corp.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

Leases

The Company adopted IFRS 16 – Leases (“IFRS 16”) on July 1, 2019. The Company has applied IFRS 16 using the modified retrospective approach, under which the Company will not restate its comparative figures but will recognize the cumulative effect of adopting IFRS 16 as an adjustment to opening retained earnings. Additionally, the Company has elected not to recognize right-of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The following are the material accounting policies which have been amended as a result of IFRS 16, and applied as at July 1, 2019:

Right-of use assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset of a period of time in exchange for consideration. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Lease obligations

The Company recognized lease obligation and right-of-use asset for its leased equipment at the date of adoption of IFRS 16. The lease obligation is measured at the present value of the remaining lease payments as of July 1, 2019, discounted using the interest rate implicit in the lease terms. If that rate cannot be readily determined, the Company will use its incremental borrowing rate.

The Lease term determined by the Company comprises:

- The non-cancellable period of lease contracts, including a rent-free period if applicable;
- Periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option;
- Periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

For leases entered into after July 1, 2019, the commencement date of the lease begins on the date on which the lessor makes the underlying asset available for use to the Company. Lease payments included in the measurement of the lease obligation are comprised of the following:

- Fixed lease payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- Amounts expected to be payable under a residual value guarantee;
- The exercise price of purchase options that the Company is reasonably certain to exercise;
- Lease payments in an option renewal period if the Company is reasonably certain to exercise the extension option;
- Penalties for early termination of the lease unless the Company is reasonably certain not to terminate early; and
- Less any lease incentives receivable.

CordovaCann Corp.

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2024, 2023 and 2022

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3. MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Variable payments for leases that do not depend on an index or rate are not included in the measurement of the lease obligations. The variable payments are recognized as an expense in the period in which they are incurred. The Company accounts for any leases and associated non-lease components separately, as opposed to a single arrangement, which is permitted under IFRS 16. The Company records non-lease components such as an expense in the period in which they are incurred.

Interest on the lease obligations is calculated using the effective interest method and increases the lease obligation while rent payments reduce the obligation. The lease obligation is remeasured whenever a lease contract is modified, and the lease modification is not accounted for as a separate lease, or there is a change in the assessment of the exercise of an extension option. The lease obligation is remeasured by discounting the revised lease payments using a revised discount rate resulting in a corresponding adjustment to the right-of-use asset or is recorded in gain or loss if the carrying amount of the right-of-use asset has been reduced to zero or the modification results in a reduction in the scope of the lease.

As at July 1, 2019, the right-of-use asset have been initially calculated at an amount equal to the initial value of the lease obligation. There is no impact on retained earnings. For leases entered into, on or after July 1, 2019, the right-of-use asset will be initially calculated at an amount equal to the initial value of the lease liability, adjusted for the following items:

- Any lease payments made at or before the commencement date, less any lease incentives received;
- Any initial direct costs incurred by the Company; and
- An estimate of costs to dismantle and remove the underlying asset or to restore the site on which the asset is located.

For short-term leases that have a lease term of 12 months or less and low-value assets, the Company has elected to not recognize a lease obligation and right-of-use asset and instead will recognize a lease expense as permitted under IFRS 16.

The right-of-use assets will be depreciated using the straight-line from the date of adoption to the earlier of the end of the useful life of the asset or the end of the lease term as determined under IFRS 16. For leases entered into after July 1, 2019, the right-of-use assets will be depreciated from the date of commencement to the earlier of the end of the useful life of the asset or the end of the lease term.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36, Impairment of Assets which replaces the previous requirement to recognize a provision for onerous lease contracts under IAS 37, Provisions, Contingent liabilities and Contingent assets.

CordovaCann Corp.

Notes to the Consolidated Financial Statements

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3. MATERIAL ACCOUNTING POLICIES (continued)

New Accounting Pronouncements

The following IFRS standards have been recently issued by the IASB. Pronouncements that are irrelevant or not expected to have a significant impact have been excluded.

Amendments to IAS 1: Covenants

The amendment clarifies how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances. The amendment applies retrospectively for annual periods beginning on or after January 1, 2024. Management will perform this assessment each reporting period as required and evaluate the potential impact of this standard on the Company's consolidated financial statements.

4. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Information about critical judgments in applying accounting policies and estimates that have the most significant effect on the amounts recognized in these consolidated financial statements is included in the following:

Determination of control

The control principle in IFRS 10 sets out the three elements of control: power over the investee; exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect the amount of those returns. Judgement is required in assessing these three elements and reaching a conclusion on obtaining of control of a business.

Income taxes

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant tax authorities, which occurs subsequent to the issuance of these consolidated financial statements.

Impairment of long-lived assets

Assets, including property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. If an impairment assessment is required, the assessment of fair value often requires estimates and assumptions such as discount rates, exchange rates, commodity prices, rehabilitation and restoration costs, future capital requirements and future operating performance. Changes in such estimates could impact recoverable values of these assets. Estimates are reviewed regularly by management.

Useful lives of depreciable assets

The Company estimates the useful lives for an item of depreciable assets to its significant parts and depreciates separately each such part. Management reviews the useful lives of depreciable assets and their significant parts at each reporting date based on the expected utility of the assets to the Company. Actual results, however, may vary due to a variety of factors including technical obsolescence.

CordovaCann Corp.

Notes to the Consolidated Financial Statements

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4. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Share-based payment transactions

The Company measures the cost of equity-settled transactions with goods and services received by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them. The assumptions and valuation models used for estimating fair value for share-based payment transactions are disclosed in Note 19 and Note 20.

Provisions and contingencies

The amount recognized as provision, including legal, contractual, constructive and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. In addition, contingencies will only be resolved when one or more future events occur or fail to occur. Therefore, the assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. The Company assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements.

Determination of purchase price allocations and contingent consideration

Judgements are made in determining the fair value of assets and liabilities, including the valuation of separately identifiable intangibles acquired as part of an acquisition. Further, estimates are made in determining the value of contingent consideration payments that should be recorded as part of the consideration on the date of acquisition and changes in contingent consideration payable in subsequent reporting periods, if any. Contingent consideration payments are generally based on acquired businesses achieving certain performance targets. The estimates are based on management's best assessment of the related inputs used in the valuation models, such as future cash flows and discount rates. Future performance results that differ from management's estimates could result in changes to liabilities recorded, which are recorded as they arise through the statement of operations and comprehensive loss.

Leases

Management applies judgment in reviewing each of its contractual arrangements to determine whether the arrangement contains a lease. Leases that are recognized are subject to further management judgment and estimation in various areas specific to the arrangement, including lease term and discount rate. In determining the lease term to be recognized, Management considers all facts and circumstances that create an economic incentive to exercise an extension operation, or not to exercise a termination option. Where the rate implicit in a lease is not readily determinable, the discount rate of lease obligations are estimated using a discount rate that estimates the Company's specific incremental borrowing rate. The incremental borrowing rate represents the rate that the Company would incur to obtain the funds necessary to purchase an asset of a similar value, with similar payment terms and security, in a similar economic environment.

CordovaCann Corp.

Notes to the Consolidated Financial Statements

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4. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Valuation of convertible debentures

Judgement is made on the initial recognition of convertible debentures and the appropriate allocation into their equity and/or liability components at the date of issuance, in accordance with the substance of the contractual agreements. The conversion options require an estimation of the fair value of a similar liability that doesn't have an associated equity component by using a suitable discount rate at initial recognition and each extension date. The carrying amount of the conversion options is then determined by deducting the fair value of the financial liability from the fair value of the convertible debenture as a whole. A convertible debenture for which the Company is able to avoid a contractual obligation to pay cash is classified as an equity instrument.

5. DIVIDENDS

2734158 Ontario Inc. ("273 Ontario")

During the year ended June 30, 2022, 273 Ontario paid dividends in the amount of \$87,831, of which \$34,737 was paid to the minority shareholders of 273 Ontario.

During the year ended June 30, 2023, there were no dividends paid to 273 Ontario.

During the year ended June 30, 2024, 273 Ontario paid dividends in the amount of \$521,247, of which \$206,153 was paid to the minority shareholders of 273 Ontario.

6. RESTRICTED CASH

Restricted cash relates to an amount held in an escrow account by the buyer of the Oregon Property (the "Escrow Account"). The amount held in the Escrow Account was non-interest bearing and restricted for the completion of the buildout of the Oregon Property (Note 9).

During the year ended June 30, 2024, withdrawals from the Escrow Account amounted to \$173,658 (US \$129,460) (June 30, 2023 – \$862,245 (US \$673,040)) which were related to the completion of the buildout of the Oregon Property. The balance as at June 30, 2024 amounted to \$nil (June 30, 2023 – \$171,405 (US \$129,460)).

7. INVENTORY

The Company's inventory includes purchased products. The Company's purchased inventory expenses as cost of sales during the year ended June 30, 2024 amounted to \$9,720,238 (June 30, 2023 – \$9,733,113; June 30, 2022 – \$9,665,379). The Company's inventory as at June 30, 2024 amounted to \$931,877 (June 30, 2023 – \$919,481).

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8. OTHER DEPOSIT

On November 7, 2019, the Company advanced \$408,840 (US \$300,000) to an arm's length party in exchange for a promissory note (the "Joint Forces Deposit").

On October 12, 2020, the Company entered into a settlement agreement (the "Settlement"), settling the outstanding Joint Forces Deposit for a payment term over 2 years for a total of \$460,626 (US \$338,000). Accordingly, the Joint Forces Deposit was determined to be a financial instrument and recorded at amortized cost. The initial carrying amount of the financial asset was determined by discounting the stream of future payments of interest and principal at a market interest rate of 8% which is estimated to be the lending rate available to the Company for similar instruments.

During the year ended June 30, 2024, the Company received the entirety of the joint forces deposit and additional interest payments in relation to the outstanding amounts.

The outstanding balance of the Joint Forces Deposit amounted to \$nil as at June 30, 2024 (June 30, 2023 – \$52,960). Interest income in relation to the Joint Forces Deposit amounted to \$31,413 during the year ended June 30, 2024 (June 30, 2023 – \$2,944; June 30, 2022 – \$19,056).

9. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following:

	Land \$	Building \$	Leasehold improvements \$	Machinery and equipment \$	Computer equipment \$	Furniture and fixtures \$	Total \$
Cost							
As at June 30, 2022	403,226	1,045,735	1,950,551	318,457	151,979	411,492	4,281,440
Additions	-	7,773	749,917	-	-	4,247	761,937
Translation adjustment	27,524	28,637	(102,061)	8,749	9,101	38,239	10,189
Impairment charge	-	-	(1,320,102)	-	(26,308)	(21,030)	(1,367,440)
As at June 30, 2023	430,750	1,082,145	1,278,305	327,206	134,772	432,948	3,686,126
Additions (disposals)	-	-	-	-	-	-	-
Translation adjustment	14,543	28,593	24,999	11,046	-	-	79,181
As at June 30, 2024	445,293	1,110,738	1,303,304	338,252	134,772	432,948	3,765,307
Accumulated depreciation							
As at June 30, 2022	-	(67,289)	(504,557)	(67,134)	(79,359)	(123,396)	(841,735)
Depreciation	-	(43,488)	(119,040)	(74,816)	(33,702)	(74,049)	(345,095)
Impairment charge	-	-	336,418	-	485	-	336,903
Translation adjustment	-	(1,337)	-	21,926	(3,260)	27,335	44,664
As at June 30, 2023	-	(112,114)	(287,179)	(120,024)	(115,836)	(170,110)	(805,263)
Depreciation	-	(43,992)	(119,040)	(66,983)	(14,352)	(74,232)	(318,599)
Translation adjustment	-	(4,221)	-	(4,719)	-	-	(8,940)
As at June 30, 2024	-	(160,327)	(406,219)	(191,726)	(130,188)	(244,342)	(1,132,802)
Net book value (\$)							
As at June 30, 2022	403,226	978,446	1,445,994	251,323	72,620	288,096	3,439,705
As at June 30, 2023	430,750	970,031	991,126	207,182	18,936	262,838	2,880,863
As at June 30, 2024	445,293	950,411	897,085	146,526	4,584	188,606	2,632,505

During the year ended June 30, 2024, the Company incurred a depreciation expense in the amount of \$318,599 (June 30, 2023 – \$345,095; June 30, 2022 – \$345,188).

CordovaCann Corp.

Notes to the Consolidated Financial Statements

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9. PROPERTY AND EQUIPMENT, NET (continued)
Impairment

During the year ended June 30, 2024, the Company incurred an impairment expense in the amount of \$nil (June 30, 2023 – \$1,030,537; June 30, 2022 – \$211,774) in relation to its leasehold improvements, machinery and equipment, computer equipment, and furniture and fixtures in relation to the closure of its retail locations in Western Canada.

Oregon – Sale leaseback transaction

On August 4, 2021, the Company, through its wholly-owned subsidiary, Cordova OR Operations, LLC, sold all of its land, building, and construction-in-progress (the “Oregon Property”) for \$2,726,680 (US \$2,200,000) and entered into an agreement to lease the Oregon Property from the buyer (the “Lease”). The Lease allowed the Company to operate on the Oregon Property for ten years, and provides options for two subsequent ten-year renewal periods. Proceeds from the sale were used to retire debts related to the Oregon Property and to finance the planned expansion in Oregon.

The Lease was signed on July 20, 2021 and commenced on August 1, 2021. Certain amounts were placed in escrow by the buyer to allow the completion of the buildout, as disclosed in Note 6. There is no rent payable during the first three months of the Lease and subsequent payments amount to \$27,267 (US \$22,000) per month for the remainder of the first year, with annual payment escalators thereafter.

10. RIGHT-OF-USE ASSETS

Right-of-use assets consists of the following:

	\$
Balance, June 30, 2022	4,451,385
Additions during the year	-
Depreciation for the year	(694,730)
Impairment	(1,416,691)
Foreign exchange translation	55,085
Balance, June 30, 2023	2,395,049
Additions during the year	-
Depreciation for the year	(491,705)
Foreign exchange translation	57,139
Balance, June 30, 2024	1,960,483

Leased properties are amortized over the terms of their respective leases. During the year ended June 30, 2023, the Company closed its retail store locations in Western Canada and accordingly, existing long-term leases were terminated. The Company recorded impairment of \$1,416,691 for the terminated right-of-use assets along with a forgiveness of lease liability in the amount of \$1,598,497 (Note 15) and resulted a gain of \$181,806 from impairment of right-of-use assets and extinguishment of lease liabilities. The Company wrote off the related lease deposits at amount of \$129,680 as well and resulted a net gain of \$52,126 from termination of leases. No such transactions occurred during the year ended June 30, 2024.

11. INTANGIBLE ASSETS

The Company’s intangible assets relate to the brand name acquired from Star Buds International Inc. As this intangible asset was determined to be an indefinite life intangible asset, no amortization was recorded during the years ended June 30, 2024 and 2023.

During the year ended June 30, 2024, impairment in the amount of \$nil (June 30, 2023 – \$2,145,628; June 30, 2022 – \$nil) was recorded in relation to these intangible assets. The impairment recorded during the year ended June 30, 2023 was as a result of the closure of its retail store locations in Western Canada.

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12. LICENSES

	\$
Cost	
As at June 30, 2022	710,911
Additions (disposals)	-
As at June 30, 2023	710,911
Additions (disposals)	-
As at June 30, 2024	710,911
Accumulated amortization	
As at June 30, 2022	(305,831)
Amortization	(164,582)
As at June 30, 2023	(470,413)
Amortization	(131,915)
As at June 30, 2024	(602,328)
Net book value (\$)	
As at June 30, 2023	240,498
As at June 30, 2024	108,583

During the year ended June 30, 2024, amortization expense in relation to these licenses amounted to \$131,915 (June 30, 2023 – \$164,584; June 30, 2022 – \$164,584).

CordovaCann Corp.

Notes to the Consolidated Financial Statements

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13. MORTGAGE PAYABLE*Washington Mortgage*

On February 26, 2021, the Company acquired a 10,900 sq. ft. manufacturing building, processing equipment, and contracts with tolling and white label customers as a result of an acquisition of an arm's-length Washington based company (the "Washington Acquisition"), and assumed a mortgage payable in the amount of \$829,305 (US \$653,768) (the "Washington Mortgage"). The Washington Mortgage was entered into on September 28, 2020 by the vendors of the Washington Acquisition with an initial amount of \$874,921 (US \$654,000) and matures on October 1, 2022. The Washington Mortgage bears interest at 12.5%, payable monthly, and secured by a first charge on the property acquired as part of the Washington Acquisition.

On November 1, 2022, the Company refinancing the existing Washington Mortgage for an aggregate amount of US \$725,000, less a US \$7,500 interest reserve amount (the "Washington Refinance"). As a result of financing and administrative costs incurred in relation to the Washington Refinancing, along with the payment of the previous outstanding Washington Mortgage, there were no additional cash proceeds received. The refinanced Washington Mortgage has a maturity date of five years from the date of refinancing and bears interest at 9.75% for the first two years, with interest escalators in subsequent years.

As at June 30, 2024, the amount outstanding under the Washington Mortgage amounted to \$942,200 (June 30, 2023 – \$942,903). During the year ended June 30, 2024, the current portion of the Washington Mortgage amounted to \$35,856 (June 30, 2023 – \$31,475) and the long-term amounted to \$906,344 (June 30, 2023 – \$911,428). Total interest expense in relation to the Washington Mortgage amounted to \$92,685 during the year ended June 30, 2024 (June 30, 2023 – \$187,113; June 30, 2022 – \$102,907).

14. CONTRACT LIABILITY

The Company's contract liability is deferred revenue which relates to revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) which amounted to \$89,976 (June 30, 2023 – \$138,918). Details of the Company's contract liability is noted as follows:

	June 30, 2024	June 30, 2023
Opening balance	\$ 138,918	\$ 185,696
Additions	-	-
Changes in exchange rates	4,072	5,457
Revenue recognized from contract liability	(53,014)	(52,235)
Ending balance	\$ 89,976	\$ 138,918
Current portion	\$ 53,927	\$ 52,166
Long-term portion	36,049	86,752

CordovaCann Corp.

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15. LEASE LIABILITIES

The following table represents the lease obligations for the Company as at June 30, 2024:

	\$
Balance, June 30, 2022	4,913,979
Additions during the year	-
Interest expense	473,136
Lease payments	(1,023,517)
Extinguishment of the lease liability	(1,598,497)
Foreign exchange translation	59,392
Balance, June 30, 2023	2,824,493
Additions during the year	-
Interest expense	335,184
Lease payments	(758,676)
Foreign exchange translation	70,197
Balance, June 30, 2024	2,471,198

Allocated as:

	June 30, 2024	June 30, 2023
	\$	\$
Current	435,276	419,529
Long-term	2,035,922	2,404,964
Total	2,471,198	2,824,493

The following table presents the contractual undiscounted cash flows for lease obligations as at June 30, 2024:

	\$
Less than one year	720,535
One to five years	1,869,942
More than five years	1,077,326
Total undiscounted lease obligation	3,667,803

During the year ended June 30, 2024, the Company had a lease with a term less than 12 months and recorded \$77,990 (June 30, 2023 –\$95,713) of rent expense attributed to short-term leases.

During the year ended June 30, 2023, the Company closed its retail store locations in Western Canada and accordingly, existing long-term leases were terminated, resulting in a net gain on extinguishment (Note 10). There were no such transactions during the year ended June 30, 2024.

CordovaCann Corp.

Notes to the Consolidated Financial Statements
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16. PROMISSORY NOTES PAYABLE

Promissory Note A – April 8, 2020

On April 28, 2020, the Company issued a promissory note (the “Promissory Note A-1”) in the principal amount of \$527,967. The Promissory Note A-1 matures on April 8, 2023 and bears interest at a rate of 6% per annum, calculated in arrears, compounded annually and payable at maturity. The fair value of \$381,093 for the Promissory Note A-1 was determined by discounting the stream of future payments of interest and principal at a market interest rate of 19% which is estimated to be the borrowing rate available to the Company for similar instruments of debt.

On June 8, 2020, the Company issued a promissory note (the “Promissory Note A-2”) in the principal amount of \$225,000. The Promissory Note A-2 matures on April 8, 2023 and bears interest at a rate of 6% per annum, calculated in arrears, compounded annually and payable at maturity. The fair value of \$160,603 for the Promissory Note A-2 was determined by discounting the stream of future payments of interest and principal at a market interest rate of 19% which is estimated to be the borrowing rate available to the Company for similar instruments of debt.

On June 8, 2020, the Company issued a promissory note (the “Promissory Note A-3”) in the principal amount of \$196,832. The Promissory Note A-3 matures on April 8, 2023 and bears interest at a rate of 6% per annum, calculated in arrears, compounded annually and payable at maturity. The fair value of \$142,075 for the Promissory Note A-3 was determined by discounting the stream of future payments of interest and principal at a market interest rate of 19% which is estimated to be the borrowing rate available to the Company for similar instruments of debt.

During the year ended June 30, 2024, the Company repaid \$nil (June 30, 2023 - \$21,000). As at June 30, 2024, the value of these promissory notes amounted to \$388,443 (June 30, 2023 – \$371,033). Interest and accretion in the amount of \$17,410 and \$nil, respectively (June 30, 2023 – \$16,905 and \$29,685, respectively; June 30, 2022 – 61,319 and \$20,971, respectively) was recorded during the year ended June 30, 2024. These promissory notes are in default and due on demand.

Demand Notes

During the year ended June 30, 2023, the Company issued demand notes (the “2023 Demand Notes”) in the aggregate amount of \$1,257,800 (US \$950,000) with fixed interest amounts and maturity dates between October 2022 to February 2023. \$198,600 (US \$150,000) of principal repayments and \$50,239 (US \$37,500) of interest repayments were made in cash during the year ended June 30, 2023.

The total interest and administrative fees charged in relation to the 2023 Demand Notes during the year ended June 30, 2023 amounted to \$190,907 (US \$142,500). There were no interest and administrative fees charged on the 2023 Demand Notes during the year ended June 30, 2024. A principal repayment of US \$5,000 was made during the year ended June 30, 2024.

As at June 30, 2024, the outstanding principal amount of the 2023 Demand Notes amounted to \$1,088,116 (US \$795,000) (June 30, 2023 - \$1,059,200 (US \$800,000)) and the outstanding accrued interest amounted to \$143,714 (US \$105,000) (June 30, 2023 - \$139,020 (US \$105,000)).

CordovaCann Corp.

Notes to the Consolidated Financial Statements

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16. PROMISSORY NOTES PAYABLE (continued)

Included in the aggregate amount of 2023 Demand Notes issued during the year ended June 30, 2024 is the principal amount of \$136,870 (US \$100,000) (June 30, 2023 – \$132,400 (US \$100,000)) and accrued interest of \$20,531 (US \$15,000) (June 30, 2023 - \$19,860 (US \$15,000)) to the Chief Executive Officer and Chairman of the Company. These amounts have not been repaid to the respective related party and remain outstanding.

The 2023 Demand Notes have matured and are in default.

17. SHARE CAPITAL

The authorized share capital of the Company consists of an unlimited number of common shares.

During the year ended June 30, 2024 and 2023, the Company did not have any common share transactions.

During the year ended June 30, 2022, the Company had the following common share transactions:

- On April 21, 2022, the Company closed a non-brokered private placement financing, pursuant to which the Company issued 6,718,000 units at a price of US \$0.31 per unit for gross proceeds of \$2,104,246 (US \$1,679,500); of which \$1,891,879 (US \$1,510,000) was received in cash and \$212,367 (US \$169,500) was issued in settlement of outstanding fees and debt. Each unit is comprised of one common share of the Company and one warrant that entitles the holder to purchase one share of the Company at a price of \$1.25 per share for a period of two years from the date of issuance. The Company used the residual method for warrants valuation and allocated \$122,436 to the warrants;
- On February 26, 2022 and in connection with the exercise of share purchase warrants, 700,000 common shares were issued at a price of \$0.30 per share for aggregate proceeds of \$210,000. In relation to this exercise, 124,788 was transferred from contributed surplus to share capital;
- On December 17, 2021 and in connection with the automatic conversion of shares relating to Convertible Debentures Series A-3, 5,354,400 common shares were issued. \$923,590 was transferred from shares to be issued to share capital;
- On August 19, 2021, the Company closed a non-brokered private placement financing, pursuant to which the Company issued 3,379,379 units at a price of \$0.30 per unit for gross proceeds of \$1,013,814; of which \$661,530 was received in cash and \$352,284 was issued in settlement of outstanding fees and debt, which included \$97,500 which was outstanding to a director of the Company. These units were comprised of a common share and a share purchase warrant exercisable at \$0.45 per share for a period of 24 months from the date of issuance; and
- On August 1, 2021 and in connection with the exercise of stock-options by consultants, 200,000 common shares were issued at a price of \$0.25 per share. As a result of this exercise, \$25,959 was transferred from contributed surplus to share capital.

Shares to be issued

During the year ended June 30, 2021 and in connection with the automatic conversion of shares relating to Convertible Debentures Series A-3, 5,354,400 common shares were classified as shares to be issued. On December 17, 2021, these common shares were issued.

As at June 30, 2024, 2023 and 2022, the value of shares to be issued amounted to \$nil.

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18. CONVERTIBLE DEBENTURES

a) Convertible Debentures Series A-1 – March 12, 2021

On March 12, 2021, the Company closed a non-brokered private placement of unsecured subordinated convertible debenture units (the “Debenture Units of Series A-1”) of the Company for gross proceeds of \$390,000.

Each Debenture Unit of Series A-1 consists of \$1,000 principal amount of unsecured subordinated convertible debentures (the “Debentures of Series A-1”) and 1,000 common share purchase warrants (the “Warrants of Series A-1”) of the Company. The Debentures of Series A-1 matured on March 12, 2022 and bear interest at a rate of 15% per annum, accrued monthly and payable at maturity. The outstanding principal amount of the Debentures of Series A-1 and any accrued interest is convertible into common shares of the Company at the option of the holder at any time prior to the maturity date at a conversion price of \$0.50 per share. The Company also has the option to force conversion of the Debentures of Series A-1 and any accrued interest at the same conversion price if the Company’s common shares trade above \$0.50 per share for ten consecutive trading days on the Canadian Securities Exchange. Furthermore, the Debentures of Series A-1 and accrued interest shall automatically convert into common shares of the Company at maturity. Each full Warrant of Series A-1 entitles the holder to purchase one common share of the Company until March 12, 2023 at an exercise price of \$0.75 per share.

The Debenture Units of Series A-1 were determined to be an equity instrument, comprising a conversion feature and warrants as a result of the Company being able to avoid a contractual obligation to pay cash related to the principal and interest at maturity. The subscription amount of \$390,000 was allocated to the equity portion of convertible debt and warrants based on their pro-rata fair values of \$208,452 and \$181,548, respectively. The interest expense related to the Debenture Units of Series A-1 are added to the equity portion of convertible debt as accrued.

On May 31, 2022, the Debenture Units of Series A-1 were converted into the Convertible Debentures Series A-2 offering. The principal amount of \$390,000, the accrued interest of \$58,500 were transferred to Convertible Debentures Series A-2. As a result of the transfer, a loss in the amount of \$99,635 was recorded.

During the year ended June 30, 2024, interest of \$nil was recorded in the equity portion of the convertible debt (June 30, 2023 – \$nil; June 30, 2022 – \$45,762) in relation to these convertible debentures.

b) Convertible Debentures Series A-2 – May 31, 2022

On May 31, 2022, the Company closed a non-brokered private placement of unsecured subordinated convertible debenture units (the “Debenture Units of Series A-2”) of the Company for gross proceeds of \$897,000, bearing interest at 15% per annum, accrued monthly and payable at maturity, on May 31, 2023.

CordovaCann Corp.

Notes to the Consolidated Financial Statements

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18. CONVERTIBLE DEBENTURES (continued)

b) Convertible Debentures Series A-2 – May 31, 2022 (continued)

Each Debenture Unit of Series A-2 consists of \$1,000 principal amount of unsecured subordinated convertible debentures (the “Debentures of Series A-2”) and 1,000 common share purchase warrants (the “Warrants of Series A-2”) of the Company. The Debentures of Series A-2 mature on May 31, 2023 and bear interest at a rate of 15% per annum, accrued monthly and payable at maturity. The outstanding principal amount of the Debentures of Series A-2 and any accrued interest is convertible into common shares of the Company at the option of the holder at any time prior to the maturity date at a conversion price of \$0.36 per share. The Company also has the option to force conversion of the Debentures of Series A-2 and any accrued interest at the same conversion price if the Company’s common shares trade above \$1.00 per share for ten consecutive trading days on the Canadian Securities Exchange. Furthermore, the Debentures of Series A-2 and accrued interest shall automatically convert into common shares of the Company at maturity. Each full Warrant of Series A-2 entitles the holder to purchase one common share of the Company until May 31, 2024 at an exercise price of \$1.25 per share.

Prior to closing of the Offering, the Company exercised its rights of repayment in respect of the Convertible Debentures of Series A-1 of the Company issued on March 12, 2021 and, in connection with its election for early repayment, holders of the Convertible Debentures of Series A-1 directed the Company to retain the funds representing repayment and to apply such funds towards satisfaction of the purchase price for the respective Debenture of Series A-2. The Company issued an aggregate of \$488,500 worth of Debenture Units to the subscribers of the Debentures of Series A-1. The remaining \$448,500 pertained to a settlement of outstanding Demand Loans in the amount of \$390,000 (US \$300,000) and \$58,500 (US \$45,000) of interest.

At initial recognition, the Debenture Units of Series A-2 were determined to be an equity instrument due to being able to avoid a contractual obligation to pay cash related to the principal and interest at maturity. The subscription amount of \$897,000 was allocated to the equity portion of convertible debt and warrants based on their pro-rata fair values of \$678,433 and \$218,567, respectively. The interest expense related to the Debenture Units of Series A-2 are added to the equity portion of convertible debt as accrued.

On the maturity date of May 30, 2023, the Company did not elect to convert the Debenture Units of Series A-2. As a result of the non-exercise of the conversion option, the Company’s Debenture Units of Series A-2 no longer met the criteria of an equity instrument, as it could no longer avoid the contractual obligation to pay cash related to the principal and interest. Accordingly, the Company reclassified the equity portion of convertible debenture to a convertible debenture liability at its face value of \$897,000. As a result of the reclassification, the Company recorded a loss in the amount of \$218,567 during the year ended June 30, 2023. The loss arises from the difference between the face value of convertible debentures and the amount reclassified from equity to the convertible debenture liability on the maturity date.

During the year ended June 30, 2024, interest of \$134,093 was recorded in the convertible debentures (June 30, 2023 – \$134,551). As at June 30, 2024, the outstanding principal amount of the convertible debentures remained at \$897,000 and the outstanding accrued interest amounted to \$279,856.

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19. OPTIONS

On November 22, 2018, the Company's shareholders approved and the Company adopted a rolling stock option plan (the "Option Plan"), under which the Board of Directors may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company. Pursuant to the Option Plan, the Company may issue options for such period and exercise price as may be determined by the Board of Directors, and in any case not exceeding ten (10) years from the date of grant with the total options issued under the Option Plan not exceeding ten percent (10%) of the common shares of the Company, outstanding at the time of the granting of such options. The minimum exercise price of an option granted under the Option plan must not be less than the market value of the common shares on the date such option is granted.

Outstanding options as at June 30, 2024 are as follows:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Life Remaining (years)
June 30, 2022	5,100,000	0.31	0.78
Issued	-	-	-
Exercised	-	-	-
Expired	(5,100,000)	0.31	-
June 30, 2023	-	\$ -	-
Expired	-	-	-
June 30, 2024	-	\$ -	-

There were no stock options issued during the years ended June 30, 2024, 2023 and 2022.

During the year ended June 30, 2022 and in connection with stock options previously issued to consultants, stock options were exercised for the purchase of 200,000 common shares of the Company at an exercise price of \$0.25 per share for gross proceeds of \$50,000. As a result of this exercise, contributed surplus in the amount of \$25,959 was transferred to share capital.

During the year ended June 30, 2024, nil (2023 – 5,100,000) stock options expired, unexercised. During the year ended June 30, 2024, 2023 and 2022, the Company expensed \$nil of the fair value of the stock options.

20. WARRANTS

	Warrants Outstanding	Weighted Average Exercise Price	Weighted Average Life Remaining (years)
June 30, 2022	21,677,379	0.65	1.00
Expired	(11,580,000)	0.40	-
June 30, 2023	10,097,379	\$ 0.98	0.58
Expired	(10,097,379)	0.65	-
June 30, 2024	-	\$ -	-

During the year ended June 30, 2024:

- 10,097,379 common share purchase warrants expired, unexercised.

During the year ended June 30, 2023:

- 11,580,000 common share purchase warrants expired, unexercised.

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Notes to the Consolidated Financial Statements

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20. WARRANTS (continued)

During the year ended June 30, 2022:

- The Company issued 6,718,000 common share purchase warrants in connection with a non-brokered convertible debenture offering;
- The Company issued 3,379,379 common share purchase warrants in connection with a non-brokered private placement;
- 700,000 common share purchase warrants were exercised (Note 19);
- 3,309,500 common share purchase warrants expired, unexercised; and
- No common share purchase warrants were forfeited or cancelled.

The fair value of these issued warrants of was determined using the Black-Scholes Option Pricing Model with the following range of assumptions:

Stock price	\$0.19-0.35
Risk-free interest rate	0.26-0.32%
Expected life	1-3 years
Estimated volatility in the market price of the common shares	87-89%
Dividend yield	nil

During the year ended June 30, 2024, the Company expensed \$nil (June 30, 2023 – \$nil; June 30, 2022 – \$1,920), in the fair value of warrants as a result of the issuances which have been recorded as share based compensation.

21. COMMITMENTS AND CONTINGENCIES**(a) Employment Agreements**

The Company is party to certain employments agreements with key executives of the Company that contain clauses requiring additional payments of up to two times the annual entitlements under these agreements upon occurrence of certain events, such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

(b) Contingencies

During the year ended June 30, 2023, the Company was identified as a defendant along with three other defendants (the “Other Defendants”) to a complaint in the Orange County Superior Court of California and for the State of California (the “Complaint”). The Complaint contains five causes of actions by the plaintiff (the “Plaintiff”), but only one of those causes of action, for injunctive relief, is asserted against the Company. The Complaint involves claims by the Plaintiff that at the request of the Other Defendants, the Plaintiff guaranteed a loan to acquire lab equipment for the benefit of the Other Defendants in the amount of \$251,793. The Complaint claims that the Other Defendants failed to pay off the subject loan and converted the equipment, depriving the Plaintiff of the ability to foreclose and receive repayment. The cause of action for injunctive relief against the Company (as well as the Other Defendants) requests that the court issue an order setting forth title and control to the equipment. The Company currently leases this equipment from the Other Defendants. The Company has not been served the Complaint and there is no claim for damages against the Company presently in the Complaint.

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21. COMMITMENTS AND CONTINGENCIES (continued)

(b) Contingencies (continued)

The Company intends on defending this Complaint to the extent that a liability is imposed on the Company for the replacement of the equipment or for the monetary damages imposed on the Other Defendants. As at the date of these consolidated financial statements, it is premature, and not practical, to determine whether or not there will be any outflow and, if so, the amount of that outflow. Accordingly, no provisions have been made on the Company's consolidated financial statements of position with respect to the Complaint.

As at the reporting date, the Company has not been served with a lawsuit related to this Complaint.

22. RELATED PARTY TRANSACTIONS

Related party transactions as at and for the years ended June 30, 2024, 2023 and 2022 and the balances as at those dates, not disclosed elsewhere in these consolidated financial statements are as follows:

a) During the year ended June 30, 2024, the Company expensed \$660,000 (June 30, 2023 – \$660,000; June 30, 2022 – \$669,000), in fees payable to officers and directors of the Company and in fees payable to a corporation related by virtue of a common officer and director; and

b) As at June 30, 2024, the Company had fees payable to officers and directors of the Company of \$3,222,517 (June 30, 2023 – \$2,467,695).

23. FINANCIAL INSTRUMENTS AND RISK FACTORS

The fair value hierarchy that reflects the significance of inputs used in making fair value measurements is as follows:

Level 1: quoted prices 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. from derived prices); and

Level 3: inputs for the asset or liability that are not based upon observable market data.

Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The fair values of the Company's financial instruments consisting of cash and cash equivalents, restricted cash, accounts receivable, promissory notes payable, mortgage payable and accounts payable and accrued liabilities approximate their carrying value due to the relatively short-term maturities of these instruments.

Risk Management Policies

The Company, through its financial assets and liabilities, is exposed to various risks. The Company has established policies and procedures to manage these risks, with the objective of minimizing any adverse effect that changes in these variables could have on these consolidated financial statements. The following analysis provides a measurement of risks as at June 30, 2024:

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23. FINANCIAL INSTRUMENTS AND RISK FACTORS (continued)

Credit Risk

The Company's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, totals the carrying amount of these assets as stated in the consolidated statements of financial position. The Company's principal financial assets are cash, restricted investments and accounts receivable, which represent the Company's exposure to credit risk in relation to financial assets. The credit risk on cash and restricted investments is mitigated by transacting with banks with high credit ratings assigned by international credit-rating agencies. An allowance for expected credit losses is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information when necessary.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due within one year. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

As at June 30, 2024, there is substantial doubt about the Company's ability to continue as a going concern primarily due to its history of losses and negative working capital. Liquidity risk continues to be a key concern in the development of future operations.

Market Risk

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rates on all of the Company's existing debt are fixed, and therefore it is not currently subject to any significant interest rate risk.

(ii) Foreign Currency Risk

The Company is exposed to foreign currency risk from fluctuations in foreign exchange rates and the degree of volatility in these rates due to the timing of their accounts payable balances. The risk is mitigated by timely payment of creditors and monitoring of foreign exchange fluctuations by management. As at June 30, 2024, the Company did not use derivative instruments to hedge its exposure to foreign currency risk.

(iii) Price Risk

The Company's operations do not involve the direct input or output of any commodities and therefore it is not subject to any significant commodity price risk. In addition, the Company does not have any equity investments in other listed public companies, and therefore it is not subject to any significant stock market price risk.

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24. CAPITAL MANAGEMENT

The Company's definition of capital includes all components of shareholders' equity (deficiency) excluding non-controlling interest. As at June 30, 2024, the Company's capital amounted to a deficiency of \$3,299,990 (June 30, 2023 – \$1,718,873). The Company's objectives when managing capital are as follows:

- (i) to safeguard the Company's ability to continue as a going concern; and
- (ii) to raise sufficient capital to meet its business objectives.

The Company manages its capital structure and makes adjustments to it, based on the general economic conditions, and the Company's short-term and long-term capital requirements. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or debt.

25. INCOME TAXES
Canadian
Income Taxes

The major factors that cause variations from the Company's combined federal and provincial statutory Canadian income tax rates were the following:

	June 30, 2024	June 30, 2023	June 30, 2022
	\$	\$	\$
Loss from US operations	(657,061)	(880,786)	(636,005)
Combined federal and state level taxes	28.14%	28.58%	28.15%
Expected income tax payable (recovery)	(184,924)	(251,765)	(179,035)
Temporary difference, equipment	55,579	98,360	147,255
Other	-	-	16,311
Unrecognized benefit of non-capital losses	129,345	153,405	15,469
Provision for income taxes	-	-	-

Deferred Income Taxes
Deferred income tax assets

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	June 30, 2024	June 30, 2023	June 30, 2022
Amounts related to tax loss carry forwards	\$ 20,700,000	\$ 19,543,000	\$ 16,836,000

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25. INCOME TAXES (continued)

A deferred tax asset has not been recognized in respect of the above because it is not probable that future taxable profits will be available against which the temporary difference can be utilized.

Deferred income tax liabilities

Deferred tax liabilities have been recognized in respect of the following deductible temporary differences:

	June 30, 2024	June 30, 2023
Deferred Tax Liabilities		
Licenses	\$nil	\$ 6,300

Non-capital Losses

As at June 30, 2024, the Company has accumulated non-capital tax loss carry forwards for income tax purposes of carry-forward of approximately \$20,700,000 which may be applied against future Canadian taxable income and expire between 2026-2044. No deferred taxes have been recognized in these consolidated financial statements in respect of the following as the probability that future taxable profit will allow the deferred tax asset to be recognized cannot be predicted at this time.

The net operating losses for these years will not be available to reduce future taxable income until the returns are filed.

United States
Income Taxes

The major factors that cause variations from the Company's combined United States federal and state level income tax rates were the following:

	June 30, 2024	June 30, 2023	June 30, 2022
	\$	\$	\$
Loss from US operations	(657,061)	(880,786)	(636,005)
Combined federal and state level taxes	28.14%	28.58%	28.15%
Expected income tax payable (recovery)	(184,924)	(251,765)	(179,035)
Temporary difference, equipment	55,579	98,360	147,255
Other	-	-	16,311
Unrecognized benefit of non-capital losses	129,345	153,405	15,469
Provision for income taxes	-	-	-

Deferred Income Taxes

Deferred tax assets have not been recognized in respect of the following United States deductible temporary differences:

	June 30, 2024	June 30, 2023	June 30, 2022
Amounts related to tax loss carry forwards	\$ 2,597,000	\$ 2,142,000	\$ 1,618,000

CordovaCann Corp.

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25. INCOME TAXES (continued)

A deferred tax asset has not been recognized in respect of the above because it is not probable that future taxable profits will be available against which the temporary difference can be utilized.

Non-capital Losses

As at June 30, 2024, the Company has accumulated non-capital tax loss carry forwards for income tax purposes of carry-forward of approximately \$2,597,000 which may be applied against future United States taxable income and expire between 2038-2044.

No deferred taxes have been recognized in these consolidated financial statements in respect of the following as the probability that future taxable profit will allow the deferred tax asset to be recognized cannot be predicted at this time.

26. COMPARATIVE AMOUNTS

Certain comparative figures have been reclassified to conform to the consolidated financial statement presentation adopted for the current period. Such reclassifications did not have an impact on previously reported net and comprehensive loss.

27. SUBSEQUENT EVENTS

Subsequent to year end, the Company issued 300,606 common shares pursuant to the exercise of convertible debentures (Note 18).

b) Exhibits

The following documents are filed as part of this Annual Report on Form 20-F

1.1	Application for Authorization to continue in another jurisdiction dated October 20, 2006. - Incorporated herein by reference to Exhibit 1.1 to the Company's Registration Statement on Form 20-F filed on December 26, 2006.
1.2	Articles of Incorporation of the Company - Incorporated herein by reference to Exhibit 1.1 to the Company's Registration Statement on Form 20-F filed on March 12, 2004.
1.3	By-Laws of the Company - Incorporated herein by reference to Exhibit 1.3 to the Company's Registration Statement on Form 20-F filed on December 26, 2006.
1.4	Certificate of name change from Minedel Mining & Development Company Limited to Minedel Mines Limited - Incorporated herein by reference to Exhibit 1.3 to the Company's Registration Statement on Form 20-F filed on March 12, 2004.
1.5	Certificate of name change from Minedel Mines Limited to Havelock Energy & Resources Inc. - Incorporated herein by reference to Exhibit 1.4 to the Company's Registration Statement on Form 20-F filed on March 12, 2004.
1.6	Certificate of name change from Havelock energy & Resources Inc. to Municipal Ticket Corporation - Incorporated herein by reference to Exhibit 1.5 to the Company's Registration Statement on Form 20-F filed on March 12, 2004.
1.7	Certificate of name change from Municipal Ticket Corporation to I.D. Investment Inc. - Incorporated herein by reference to Exhibit 1.6 to the Company's Registration Statement on Form 20-F filed on March 12, 2004.
1.8	Certificate of Amalgamation. to Biolink Corporation - Incorporated herein by reference to Exhibit 1.7 to the Company's Registration Statement on Form 20-F filed on March 12, 2004.
1.9	Certificate of name change from Biolink Corp. to First Empire Entertainment.com Inc. - Incorporated herein by reference to Exhibit 1.8 to the Company's Registration Statement on Form 20-F filed on March 12, 2004.
1.10	Certificate of name change from First Empire Entertainment.com Inc. to First Empire Corporation Inc. - Incorporated herein by reference to Exhibit 19 to the Company's Annual Report on Form 20-F filed on March 12, 2004.

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<u>1.11</u>	<u>Certificate of name change from First Empire Corporation Inc. to Noble House Entertainment Inc. dated November 4, 2004 - Incorporated herein by reference to Exhibit 1.10 to the Company's Annual Report on Form 20-F filed on December 1, 2005.</u>
<u>1.12</u>	<u>Articles of Amendment dated November 19, 2004 consolidating the common shares of the Company on the basis of one new common share in exchange for every two old common shares - Incorporated herein by reference to Exhibit 1.11 to the Company's Annual Report on Form 20-F filed on December 1, 2005.</u>
<u>1.13</u>	<u>Certificate of name change from First Empire Music Corp. to Noble house Film & Television Inc. dated January 21, 2005 - Incorporated herein by reference to Exhibit 1.12 to the Company's Annual Report on Form 20-F filed on December 1, 2005.</u>
<u>1.14</u>	<u>Certificate of name change from Noble House Film & Television Inc. to LiveReel Productions Corporation dated August 10, 2006 - Incorporated herein by reference to Exhibit 1.14 to the Company's Registration Statement on Form 20-F filed on December 26, 2006.</u>
<u>1.15</u>	<u>Certificate of name change from Noble House Entertainment Inc. to LiveReel Media Corporation dated October 12, 2006 - Incorporated herein by reference to Exhibit 1.15 to the Company's Registration Statement on Form 20-F filed on December 26, 2006.</u>
<u>1.16</u>	<u>Certificate of name change from LiveReel Media Corporation to CordovaCann Corp. dated January 3, 2018 - Incorporated herein by reference to Exhibit 1.16 to the Company's Annual Report on Form 20-F filed on December 13, 2018.</u>
<u>4.(d)</u>	<u>2017 Stock Option Plan dated November 22, 2017 - Incorporated herein by reference to Exhibit 4.(d) to the Company's Annual Report on Form 20-F filed on December 13, 2018.</u>
<u>5.</u>	<u>Change of auditor notice</u>
<u>11.</u>	<u>Code of Ethics - Incorporated herein by reference to Exhibit 11 to the Company's Annual Report on Form 20-F filed on October 29, 2015.</u>
<u>12.</u>	<u>The certifications required by Rule 13a-14(a).(17 CFR 240.13a-14(a)) or Rule 15d-14(a).(17 CFR 240.15d-14(a)).</u>
<u>13.(a)</u>	<u>The Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
<u>14(a)(i).</u>	<u>Corporate Governance Charter - Incorporated herein by reference to Exhibit 14 (a)(i) to the Company's Registration Statement on Form 20-F filed on December 26, 2006.</u>
<u>14(a)(ii).</u>	<u>Audit Committee Charter dated November 5, 2018 - Incorporated herein by reference to Exhibit 14(a)(ii) to the Company's Annual Report on Form 20-F filed on December 13, 2018.</u>
<u>15.1</u>	<u>Consent of Independent Registered Public Accounting Firm (DNTW Toronto LLP)</u>
<u>15.2</u>	<u>Consent of Independent Registered Public Accounting Firm (Kreston GTA LLP)</u>

SIGNATURE

The Company hereby certifies that it meets all of the requirements for filing on Form 20-F and has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

Dated at Toronto, Ontario, Canada, this December 13, 2024.

CORDOVACANN CORP.

By: /s/ Ashish Kapoor

Name: Ashish Kapoor

Title: Chief Financial Officer



CordovaCann Corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2024

Prepared as at October 28, 2024

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CordovaCann Corp.

Management's Discussion and Analysis
For the Year Ended June 30, 2024

Management's Discussion and Analysis

The following discussion and analysis by management of the financial results and condition of CordovaCann Corp. for the year ended June 30, 2024 should be read in conjunction with the annual audited consolidated financial statements for the year ended June 30, 2024. The Company's financial statements and the financial information herein have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations Committee ("IFRIC").

All dollars referred to herein are expressed in Canadian dollars except where indicated otherwise.

This management discussion and analysis is prepared by management as at October 28, 2024.

In this report, the words "us", "we" "our", the "Company" and "CordovaCann" have the same meaning unless otherwise stated and refer to CordovaCann Corp. and its subsidiaries.

Forward Looking Statements

Certain statements contained in this report are forward-looking statements. All statements, other than statements of historical facts, included herein or incorporated by reference herein, including without limitation, statements regarding the Company's business strategy, plans and objectives of management for future operations and those statements preceded by, followed by or that otherwise include the words "believe", "expects", "anticipates", "intends", "estimates" or similar expressions or variations on such expressions are forward-looking statements. We can give no assurances that such forward-looking statements will prove to be correct.

Each forward-looking statement reflects the Company's current view of future events and is subject to risks, uncertainties and other factors that could cause actual results to differ materially from any results expressed or implied by the Company's forward-looking statements.

Risks and uncertainties include, but are not limited to:

- lack of substantial operating history;
- the impact of competition; and
- the enforceability of legal rights.

Important factors that could cause the actual results to differ materially from the Company's expectations are disclosed in more detail set forth under the heading "Risk Factors" above. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement.

CordovaCann Corp.

Management's Discussion and Analysis
For the Year Ended June 30, 2024

Overview

Business Overview

CordovaCann Corp. (formerly, LiveReel Media Corporation) (the "Company" or "CordovaCann" or "Cordova") is headquartered in Toronto, Canada and specializes in identifying, funding, developing and managing operations throughout the cannabis value chain. The Company takes a holistic approach to working with its partners throughout North America to build a network of cannabis operations on its multi-jurisdictional platform. CordovaCann owns operations in the United States in Oregon and Washington and has built a chain of cannabis retail stores in Canada with locations in Ontario and Manitoba. On January 3, 2018, the Company changed its name from LiveReel Media Corporation to CordovaCann Corp. The Company's principal address is 217 Queen Street West, Suite 401, Toronto, Ontario, M5V 0R2.

The Company's common shares (the "Common Shares") currently trade on the Canadian Securities Exchange under the symbol "CDVA" and in the United States on the OTCQB under the symbol "LVRLF".

The Company has the following three-pronged strategy to approach the cannabis marketplace:

Retail

The Company's retail business in Canada now has 11 stores across two provinces and it is looking to establish a footprint in the United States. The Company's current stores have compelling store unit economics, where stores are quickly profitable and have an investment payback of twelve months or less after opening. Cordova primarily targets markets where the stores become part of the fabric of the communities around them, thus creating a loyal customer base for its stores. The Company continues to focus on expanding in profitable markets going forward including pursuing successful one-off retailers and small chains at valuations that are very accretive to the base.

White Label Manufacturing

The Company is focused on establishing white-label manufacturing of cannabis products to aid in the geographic proliferation of strong cannabis brands. Cordova plans on partnering with the best brands in its jurisdictions to lower the cost of production and accelerate the time to additional markets. Outsourcing manufacturing allows brands to focus on increasing audience size and share, while still dictating the production process. Cordova plans to attract these brands via its geographically diversified production facilities, which will enable brands to enter multiple new states at once.

Niche Cannabis Brands

The third key sector of focus for Cordova is developing or acquiring niche brands that have cult-like followings that can be introduced to new markets. Most significant cannabis brands have neglected the opportunity to expand geographically. The potential to create national brands is expected to accelerate with the anticipated upcoming federal legalization and Cordova has the ability to leverage investments in white label manufacturing and larger retail chains to drive brand awareness and increase brand profitability.

CordovaCann Corp.

Management's Discussion and Analysis
For the Year Ended June 30, 2024

Key Transaction Summaries

Summary of Investment in 2734158 Ontario Inc.

On May 19, 2020, the Company completed the purchase of its initial stake of 2734158 Ontario Inc. ("273"), an arm's length Ontario-based cannabis retail venture (the "Ontario Transaction"). Cordova invested seven hundred twenty-three thousand dollars (\$723,000) in 273 in exchange for 50.1% of 273. Cordova invested two hundred thousand dollars (\$200,000) for 21.7% of 273 at the close of the Transaction, and invested (i) two hundred thousand dollars (\$200,000) on June 14, 2020, (ii) two hundred thousand dollars (\$200,000) on July 14, 2020, and (iii) one hundred twenty-three thousand dollars (\$123,000) on August 13, 2020, which collectively gave the Company ownership of 50.1% of 273 after all payments were made. The Transaction was subject to approval from the Alcohol and Gaming Commission of Ontario and compliance with all applicable laws, rules and regulations. Cordova holds 4 of 6 board seats of 273 and has a right of first refusal on any future sale of primary or secondary shares in 273. The retail stores are operated by 273 under the Star Buds brand name, and Cordova is leveraging its assets of Starbuds International Inc. to provide 273 with retail store designs and layouts, standard operating procedures, staff training, financing resources and systems support. On September 17, 2020, the Company acquired an additional 10.35% of the common shares of 273 not previously owned by Cordova (the "Additional Shares") bringing its accumulated ownership of 273 to 60.45%. The total purchase price for the Additional Shares amounted to \$305,267, of which \$265,975 was paid during the year end June 30, 2021 and the remainder \$39,292 was paid during the three months ending March 31, 2022.

Business Plan and Strategy

Current Business Plan and Strategy

CordovaCann is committed to assembling a premier cannabis business with a vision to becoming a global industry leader. The Company is building and acquiring leading cannabis retail, processing and production operators in key jurisdictions that will enable CordovaCann to serve national and international markets that have legal, regulated medical, and/or recreational cannabis industries. The Company is focused on expanding its retail footprint, investing and scaling its branded product portfolio, and leveraging excess capacity for white label manufacturing. The Company intends to leverage its low-cost infrastructure, administrative support, and move toward vertical integration in key markets to establish a global multi-jurisdictional platform.

CordovaCann continues to work with knowledgeable cannabis operators and over the next twelve months, the Company is focused on growing its retail operations in both Canada and the United States. It is also working to expand the throughput of its wholesale operations as well as launch branded products in its U.S. markets. Moving forward, the Company will also seek to enter additional key legal markets not currently served by CordovaCann, as well as seek to expand operations in those markets where the Company already has a presence. CordovaCann plans to develop various end products for distribution in each of its current markets as well as to service other brands and intellectual property owners with its growing processing and manufacturing platforms and allow these clients and prospective clients to gain access to our distribution channels to generate additional revenue for the Company.

CordovaCann Corp.

Management's Discussion and Analysis
For the Year Ended June 30, 2024

CordovaCann's long-term focus is to continue expanding its reach into additional legal markets, and the Company expects to organically build and acquire cannabis producers, processors and retailers globally. The Company continues to develop and acquire additional operations and products and broaden its channels for distribution.

Current Outlook

Management continues to take an active approach to examining business opportunities in the cannabis industry that could enhance shareholder value. The focus in the near term is to continue to grow its retail operations in Canada where the Company has established a presence in the provinces of Ontario and Manitoba. The Company is expecting to grow its retail operations both through development of new stores as well as looking for acquisition opportunities in strategic markets.

CordovaCann is also focussing on growing its presence in the United States. Along with its growing operations in Oregon and Washington the Company is actively pursuing new opportunities in additional states to add to its portfolio, with its goal of having vertically integrated operations in key global cannabis markets.

Selected Financings

On April 21, 2022, the Company closed a non-brokered private placement financing, pursuant to which the Company issued 6,718,000 units at a price of US \$0.31 per unit for gross proceeds of \$2,104,246 (US \$1,679,500); of which \$1,891,879 (US \$1,510,000) was received in cash and \$212,367 (US \$169,500) was issued in settlement of outstanding fees and debt. Each unit is comprised of one common share of the Company and one warrant that entitles the holder to purchase one share of the Company at a price of \$1.25 per share for a period of two years from the date of issuance.

On August 19, 2021, the Company closed a non-brokered private placement financing, pursuant to which the Company issued 3,379,379 units at a price of \$0.30 per unit for gross proceeds of \$1,013,814; of which \$661,530 was received in cash and \$352,284 was issued in settlement of outstanding fees and debt.

On February 19, 2021, the Company issued 6,117,721 common shares of the Company for gross proceeds of \$1,976,870; of which \$1,380,300 was received in cash and \$596,570 was issued in settlement of outstanding fees and debt.

Number of Common Shares

There were 109,502,853 Common Shares issued and outstanding as at June 30, 2024 and 109,803,459 common shares issued and outstanding as at the date of this report. There were no stock options issued and outstanding as at June 30, 2024 and no stock options issued and outstanding as at the date of this report. There were no share purchase warrants issued and outstanding as at June 30, 2024 and as at the date of this report.

CordovaCann Corp.

Management's Discussion and Analysis

For the Year Ended June 30, 2024

Results of Operations
Quarterly Financial Results

 The following table summarizes financial information for the 4th quarter of fiscal 2024 and the preceding seven quarters:

Quarter Ended	Jun 30, 2024 \$	Mar 31, 2024 \$	Dec 31, 2023 \$	Sep 30, 2023 \$	Jun 30, 2023 \$	Mar 31, 2023 \$	Dec 31, 2022 \$	Sep 30, 2022 \$
Revenue	3,475,500	3,356,017	3,464,311	3,501,322	3,251,612	3,210,982	3,436,399	3,695,713
Net loss from continuing operations	(357,077)	(215,378)	(321,277)	(381,324)	(4,417,788)	(783,028)	(982,607)	(734,487)
Net loss per share – basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.04)	(0.01)	(0.01)	(0.01)

Results of Operations

	2024 \$	2023 \$	2022 \$
Revenue	13,797,150	13,594,706	13,526,084
Cost of sales	(9,720,238)	(9,733,113)	(9,798,408)
Gross profit	4,076,912	3,861,593	3,727,676
Operating expenses	4,718,872	6,341,323	6,900,396
Loss before other expense (income)	(641,960)	(2,479,730)	(3,172,720)
Income tax recovery (expense)	(249,700)	(33,600)	(39,637)
Net loss	(1,275,056)	(6,917,910)	(4,023,466)
Loss per share - basic and diluted	(0.01)	(0.06)	(0.04)
Weighted average number of outstanding common shares - basic and diluted	109,502,853	109,502,853	100,632,038

Revenue

Revenue for the year ended June 30, 2024 amounted to \$13,797,150, as compared to \$13,594,706 and \$13,526,084, respectively for the years ended June 30, 2023 and 2022. Revenue is primarily related to the cannabis retail operations of the Company in the provinces of Ontario and Manitoba. The increase in the Company's revenue year over year, despite the closures of the Western Canada stores, was due to the increase in same store sales in its Ontario and Manitoba locations during fiscal 2024.

Cost of Sales and Gross Margin

During the year ended June 30, 2024, the Company's incurred cost of sales in the amount \$9,720,238 and realized gross margin of \$4,076,912 (June 30, 2023 – \$9,733,113 and \$3,861,593, respectively; June 30, 2022 – \$9,798,408 and \$3,727,676, respectively). The cost of goods sold and respective gross margin was primarily related to its retail operations in Canada. The slight increase in gross margin is due to the closure of its unprofitable stores in Western Canada as discussed above, which resulted in a positive impact on the Company's gross margin and the Company had a growth in margin from its Ontario retail stores.

CordovaCann Corp.

Management's Discussion and Analysis

For the Year Ended June 30, 2024

Operating Expenses

The Company incurred the following operating expenses during the year ended June 30, 2024, 2023 and 2022:

	2024	2023	2022
	\$	\$	\$
Salaries and wages	1,823,978	2,336,569	2,183,630
Consulting fees	690,033	1,005,312	1,289,457
Office and general	516,557	1,022,545	1,145,361
Leases and utilities	315,220	327,331	470,996
Shareholders information services	232,127	231,971	249,099
Professional fees	198,738	213,188	268,055
Amortization of right-of-use assets	491,705	694,730	782,108
Depreciation	318,599	345,095	345,188
Amortization of licenses	131,915	164,582	164,582
Share based compensation	-	-	1,920
	4,718,872	6,341,323	6,900,396

The overall analysis of the key expenses above is as follows:

Salaries and wages

Salaries and wages for the year ended June 30, 2024 amounted to \$1,823,978 (June 30, 2023 - \$2,336,569; June 30, 2022 - \$2,183,630). The salaries and wages expenses are primarily related to the employees hired for the Company's retail cannabis operations in Ontario and Manitoba locations. The reduction in the expense year over year is due the closure of retail store operations in Western Canada which resulted in decreased labour costs.

Consulting fees

Consulting fees for the year ended June 30, 2024 amounted to \$690,033 (June 30, 2023 - \$1,005,312; June 30, 2022 - \$1,289,457). Consulting fees relates to fees accrued for the officers of the Company and other consultants that support the Company. The decrease in consulting fees year over year is partially due to the closure of retail store operations in Western Canada and also related to the Company reducing certain historic month-to-month consulting contracts.

Office and general

Office and general for the year ended June 30, 2024 amounted to \$516,557 (June 30, 2023 - \$1,022,545; June 30, 2022 - \$1,145,361). Office and general costs were primarily comprised of administrative, travel and other expenses incurred by the Company and its employees and consultants along with merchant fees associated with its retail operations. The decrease year over year is mainly due to the Western Canada store closures.

CordovaCann Corp.

Management's Discussion and Analysis

For the Year Ended June 30, 2024

Leases and utilities

Leases and utilities for the year ended June 30, 2024 amounted to \$315,220 (June 30, 2023 - \$327,331; June 30, 2022 - \$470,996). Lease and utilities expenses are related to the Company's retail platforms. The stable expenses, despite the closure of the Western Canada stores, was due to some of the historic utility bills being billed to the Company along with overall increases in utility expenses in Ontario and Manitoba.

Shareholder information services

Shareholders information services for the year ended June 30, 2024 amounted to \$232,127 (June 30, 2023 - \$231,971; June 30, 2022 - \$249,099). Shareholder information services during the respective periods include director fees, transfer agent fees, other filing fees and investor relation services.

Professional fees

Professional fees for the year ended June 30, 2024 amounted to \$198,738 (June 30, 2023 - \$213,188; June 30, 2022 - \$268,055). Professional fees for during the respective periods comprised of audit and legal fees associated with the Company's compliance costs as a public entity.

Amortization of right-of-use assets

Amortization of right-of-use assets for the year ended June 30, 2024 amounted to \$491,705 (June 30, 2023 - \$694,730; June 30, 2022 - \$782,108). Amortization relates to the Company's retail leases entered into for its Ontario, Manitoba and Oregon locations. The decrease is attributed to the impairment of right-of-use assets during the year ended June 30, 2023, leading to a reduced amortization expense moving forward.

Depreciation

Depreciation for the year ended June 30, 2024 amounted to \$318,599 (June 30, 2023 - \$345,095; June 30, 2022 - \$345,188). Depreciation relates to the depreciation of tangible assets purchased for the Company's retail cannabis stores, and the Company's property in Washington.

Amortization of licenses

Amortization of licenses for the year ended June 30, 2024 amounted to \$131,915 (June 30, 2023 - \$164,582; June 30, 2022 - \$164,582). Amortization of licenses relates to the amortization of retail cannabis licenses acquired in the prior fiscal periods.

CordovaCann Corp.

Management's Discussion and Analysis

For the Year Ended June 30, 2024

Other Income and Expenses

The overall analysis of other income/expenses is as follows:

	2024	2023	2022
	\$	\$	\$
Interest on lease liability	(332,687)	(473,136)	(531,768)
Interest expense	(244,189)	(529,473)	(308,877)
Other income	183,547	182,813	186,257
Foreign exchange gain	9,933	49,363	186,372
Accretion expense	-	(26,741)	(61,319)
Loss on convertible debentures	-	(218,567)	-
Impairment of assets	-	(1,030,537)	(211,774)
Impairment of intangible assets	-	(2,145,628)	-
Gain on extinguishment of lease	-	52,126	29,635
Allowance for loan receivable	-	(264,800)	-
Loss on settlement	-	-	(99,635)
	(383,396)	(4,404,580)	(811,109)

Interest on lease liability

Interest on lease liability for the year ended June 30, 2024 amounted to \$332,687 (June 30, 2023 - \$473,136; June 30, 2022 - \$531,768). Interest on lease liability relates primarily to the Company's Canadian leases in Ontario and Manitoba and its United States lease in Oregon. The decrease in interest on lease liability during the year ended June 30, 2024 is due to the closure of the Company's leased locations in Western Canada.

Interest expense

Interest expense for the year ended June 30, 2024 amounted to \$244,189 (June 30, 2023 - \$529,473; June 30, 2022 - \$308,877). Interest expense during the respective periods was primarily in relation to convertible debentures, promissory notes and mortgages issued. The decrease in the current year was due to the outstanding 2023 Demand Notes which did not have any interest charges in the current year.

Accretion expense

Accretion expense for the year ended June 30, 2024 amounted to \$nil (June 30, 2023 - \$26,741; June 30, 2022 - \$61,319). Accretion expense relates to the accreted interest on promissory notes. The decrease in accretion expense is due the repayment and maturity of these promissory notes during the year ended June 30, 2023.

Foreign exchange gain

Foreign exchange gain for the year ended June 30, 2024 amounted to \$9,933 (June 30, 2023 - \$49,363; June 30, 2022 - \$186,372). The foreign exchange gains during the respective periods were a result of the exchange rate fluctuations related to transactions based in United States Dollars.

CordovaCann Corp.

Management's Discussion and Analysis

For the Year Ended June 30, 2024

Other income

Other income for the year ended June 30, 2024 amounted to \$183,547 (June 30, 2023 - \$182,813; June 30, 2022 - \$186,257). Other income is related to rental of the Company's Washington property and miscellaneous revenue earned from the operations.

Liquidity and Capital Resources**Working Capital**

As at June 30, 2024, the Company had total assets of \$9,553,495 (June 30, 2023 - \$10,263,706) consisting of the following:

	June 30, 2024	June 30, 2023
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	552,467	248,416
Restricted cash	-	171,405
Sales tax receivable	31,680	-
Accounts receivable	50,582	47,202
Prepaid expenses and deposits	186,979	209,493
Inventory	931,877	919,481
Other deposit	-	52,960
Total current assets	1,753,585	1,648,957
Right-of-use assets	1,960,483	2,395,049
Property and equipment, net	2,632,505	2,880,863
Intangible assets	3,098,339	3,098,339
Licenses	108,583	240,498
Total assets	9,553,495	10,263,706

The decrease in total assets from the comparative period was primarily a result of an ongoing changes in working capital and expected amortization and depreciation of the tangible and intangible assets during the period.

As at June 30, 2024, the Company had total liabilities of \$12,150,508 (June 30, 2023 - \$11,290,928) consisting of the following:

	June 30, 2024	June 30, 2023
	\$	\$
LIABILITIES		
Current		
Accounts payable and accrued liabilities	5,774,417	4,600,357
Mortgage payable	35,856	31,475
Income taxes payable	75,588	132,318
Contract liability	53,927	52,166
Sales tax payable	-	33,623
Lease liabilities	435,276	419,529
Convertible debentures	1,176,856	1,042,763
Promissory notes payable	1,620,273	1,569,253
Total current liabilities	9,172,193	7,881,484
Deferred tax liability	-	6,300
Mortgage payable	906,344	911,428
Contract liability	36,049	86,752
Lease liabilities	2,035,922	2,404,964
Total liabilities	12,150,508	11,290,928

CordovaCann Corp.

Management's Discussion and Analysis
For the Year Ended June 30, 2024

The increase in liabilities during the comparative periods was primarily related to the increase in accounts payable and accrued liabilities, which is mainly related to management fee accruals, director accruals, and overall active management of such liabilities.

As at June 30, 2024, the Company had a working capital deficiency of \$7,418,608 as compared to a working capital deficiency of \$6,232,527 as at June 30, 2023. The Company's ability to continue as a going concern is dependent upon its ability to access sufficient capital until it has profitable operations. This uncertainty may cast significant doubt about the ability of the Company to continue as a going concern. To this point, all cashflow shortfall from operational activities and overhead costs have been funded through equity issuances, debt issuances and related party advances.

Cash Provided by (Used in) Operating Activities

During the year ended June 30, 2024, the operating activities provided cash in the amount of \$1,493,629 as compared to cash used in operating activities in the amount of \$452,733 and \$2,071,704, respectively, during the years ended June 30, 2023 and 2022, due to the reasons discussed above.

Cash Provided by (Used in) Investing Activities

Cash provided by investing activities during the year ended June 30, 2024 amounted to \$52,960 as compared to cash used in investing activities in the amount of \$708,878 during the year ended June 30, 2023 and cash provided by investing activities of \$2,065,044 during the year ended June 30, 2022. The investing activities during the year ended June 30, 2024 were in relation to the repayment of an outstanding deposit in the amount of \$52,960. The prior year transactions had sales and additions to property and equipment.

Cash Provided by (Used in) Financing Activities

Cash used in financing activities amounted to \$1,096,506 during the year ended June 30, 2024 and \$134,360 during the year ended June 30, 2023 as compared to cash provided by financing activities in the amount of \$720,688 during the year ended June 30, 2022. Financing activities related to the proceeds from the issuance of promissory note, the repayment of promissory notes, the payment of lease liabilities, repayment of the Oregon Mortgage, other debt and lease liabilities.

Financings

Share Capital

The authorized share capital of the Company consists of an unlimited number of common shares.

During the year ended June 30, 2024 and year ended June 30, 2023, the Company did not have any common share transactions.

CordovaCann Corp.
Management's Discussion and Analysis
For the Year Ended June 30, 2024

During the year ended June 30, 2022, the Company had the following common share transactions:

- On April 21, 2022, the Company closed a non-brokered private placement financing, pursuant to which the Company issued 6,718,000 units at a price of US \$0.31 per unit for gross proceeds of \$2,104,246 (US \$1,679,500); of which \$1,891,879 (US \$1,510,000) was received in cash and \$212,367 (US \$169,500) was issued in settlement of outstanding fees and debt. Each unit is comprised of one common share of the Company and one warrant that entitles the holder to purchase one share of the Company at a price of \$1.25 per share for a period of two years from the date of issuance.
- On February 26, 2022 and in connection with the exercise of share purchase warrants, 700,000 common shares were issued at a price of \$0.30 per share for aggregate proceeds of \$210,000. In relation to this exercise, 124,788 was transferred from contributed surplus to share capital;
- On December 17, 2021 and in connection with the automatic conversion of shares relating to Convertible Debentures Series A-3, 5,354,400 common shares were issued. \$923,590 was transferred from shares to be issued to share capital;
- On August 19, 2021, the Company closed a non-brokered private placement financing, pursuant to which the Company issued 3,379,379 units at a price of \$0.30 per unit for gross proceeds of \$1,013,814; of which \$661,530 was received in cash and \$352,284 was issued in settlement of outstanding fees and debt, which included \$97,500 which was outstanding to a director of the Company. These units were comprised of a common share and a share purchase warrant exercisable at \$0.45 per share for a period of 24 months from the date of issuance; and
- On August 1, 2021 and in connection with the exercise of stock-options by consultants, 200,000 common shares were issued at a price of \$0.25 per share. As a result of this exercise, \$25,959 was transferred from contributed surplus to share capital.

<i>Warrants</i>	Warrants Outstanding	Weighted Average Exercise Price	Weighted Average Life Remaining (years)
June 30, 2022	21,677,379	0.65	1.00
Issued	-	-	-
Exercised	-	-	-
Expired	(11,580,000)	0.40	-
June 30, 2023	10,097,379	\$ 0.65	0.58
Issued	-	-	-
Exercised	-	-	-
Expired	(10,097,379)	0.65	-
June 30, 2024	-	\$ -	-

During the year ended June 30, 2024:

- 10,097,379 common share purchase warrants expired, unexercised.

During the year ended June 30, 2023:

- 11,580,000 common share purchase warrants expired, unexercised.

During the year ended June 30, 2022:

- The Company issued 6,718,000 common share purchase warrants in connection with a non-brokered convertible debenture offering;
- The Company issued 3,379,379 common share purchase warrants in connection with a non-brokered private placement;
- 700,000 common share purchase warrants were exercised (Note 19);
- 3,309,500 common share purchase warrants expired, unexercised; and
- No common share purchase warrants were forfeited or cancelled.

CordovaCann Corp.

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For the Year Ended June 30, 2024

Stock Options

On November 22, 2018, the Company's shareholders approved and the Company adopted a rolling stock option plan (the "Option Plan"), under which the Board of Directors may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company. Pursuant to the Option Plan, the Company may issue options for such period and exercise price as may be determined by the Board of Directors, and in any case not exceeding ten (10) years from the date of grant with the total options issued under the Option Plan not exceeding ten percent (10%) of the common shares of the Company, outstanding at the time of the granting of such options. The minimum exercise price of an option granted under the Option plan must not be less than the market value of the common shares on the date such option is granted.

As at June 30, 2024 and 2023, there were no stock options issued and outstanding. During the year ended June 30, 2023, 5,100,000 stock options expired, unexercised. During the year ended June 30, 2024 and 2023, the Company expensed \$nil of the fair value of the stock options.

Mortgage payable

Washington Mortgage

On February 26, 2021, the Company acquired a 10,900 sq. ft. manufacturing building, processing equipment, and contracts with tolling and white label customers as a result of an acquisition of an arm's-length Washington based company (the "Washington Acquisition"), and assumed a mortgage payable in the amount of \$829,305 (US \$653,768) (the "Washington Mortgage"). The Washington Mortgage was entered into on September 28, 2020 by the vendors of the Washington Acquisition with an initial amount of \$874,921 (US \$654,000) and matures on October 1, 2022. The Washington Mortgage bears interest at 12.5%, payable monthly, and secured by a first charge on the property acquired as part of the Washington Acquisition.

On November 1, 2022, the Company refinancing the existing Washing Mortgage for an aggregate amount of US \$725,000, less a US \$7,500 interest reserve amount (the "Washington Refinance"). As a result of financing and administrative costs incurred in relation to the Washington Refinancing, along with the payment of the previous outstanding Washington Mortgage, there were no additional cash proceeds received. The refinanced Washington Mortgage has a maturity date of five years from the date of refinancing and bears interest at 9.75% for the first two years, with interest escalators in subsequent years.

As at June 30, 2024, the amount outstanding under the Washington Mortgage amounted to \$942,200 (June 30, 2023 – \$942,903). During the year ended June 30, 2024, the current portion of the Washington Mortgage amounted to \$35,856 (June 30, 2023 – \$31,475) and the long-term amounted to \$906,344 (June 30, 2023 – \$911,428). Total interest expense in relation to the Washington Mortgage amounted to \$92,685 during the year ended June 30, 2024 (June 30, 2023 – \$187,113; June 30, 2022 – \$102,907).

Promissory Notes Payable

Promissory Notes

On April 28, 2020, the Company issued a promissory note (the "Promissory Note A-1") in the principal amount of \$527,967. The Promissory Note A-1 matures on April 8, 2023 and bears interest at a rate of 6% per annum, calculated in arrears, compounded annually and payable at maturity. The fair value of \$381,093 for the Promissory Note A-1 was determined by discounting the stream of future payments of interest and principal at a market interest rate of 19% which is estimated to be the borrowing rate available to the Company for similar instruments of debt.

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On June 8, 2020, the Company issued a promissory note (the "Promissory Note A-2") in the principal amount of \$225,000. The Promissory Note A-2 matures on April 8, 2023 and bears interest at a rate of 6% per annum, calculated in arrears, compounded annually and payable at maturity. The fair value of \$160,603 for the Promissory Note A-2 was determined by discounting the stream of future payments of interest and principal at a market interest rate of 19% which is estimated to be the borrowing rate available to the Company for similar instruments of debt.

On June 8, 2020, the Company issued a promissory note (the "Promissory Note A-3") in the principal amount of \$196,832. The Promissory Note A-3 matures on April 8, 2023 and bears interest at a rate of 6% per annum, calculated in arrears, compounded annually and payable at maturity. The fair value of \$142,075 for the Promissory Note A-3 was determined by discounting the stream of future payments of interest and principal at a market interest rate of 19% which is estimated to be the borrowing rate available to the Company for similar instruments of debt.

During the year ended June 30, 2024, the Company repaid \$Nil (June 30, 2023 - \$21,000). As at June 30, 2024, the value of these promissory notes amounted to \$388,443 (June 30, 2023 - \$371,033). Interest and accretion in the amount of \$17,410 and \$Nil, respectively (June 30, 2023 - \$16,905 and \$29,685, respectively; June 30, 2022 - 61,319 and \$20,971, respectively) was recorded during the year ended June 30, 2024. These promissory notes post maturity and are in default.

During the years ended June 30, 2023 and 2022, the Company issued short-term promissory notes to certain arm's-length parties:

Demand Notes

During the year ended June 30, 2023, the Company issued demand notes (the "2023 Demand Notes") in the aggregate amount of \$1,257,800 (US \$950,000) with fixed interest amounts and maturity dates between October 2022 to February 2023. \$198,600 (US \$150,000) of principal repayments and \$50,239 (US \$37,500) of interest repayments were made in cash during the year ended June 30, 2023.

The total interest and administrative fees charged in relation to the 2023 Demand Notes during the year ended June 30, 2023 amounted to \$190,907 (US \$142,500). There were no interest and administrative fees charged on the 2023 Demand Notes during the year ended June 30, 2024. A principal repayment of US \$5,000 was made during the year ended June 30, 2024.

As at June 30, 2024, the outstanding principal amount of the 2023 Demand Notes amounted to \$1,088,116 (US \$795,000) (June 30, 2023 - \$1,059,200 (US \$800,000)) and the outstanding accrued interest amounted to \$143,714 (US \$105,000) (June 30, 2023 - \$139,020 (US \$105,000)).

Includes in the aggregate amount of 2023 Demand Notes issued during the year ended June 30, 2024 is the principal amount of \$136,870 (US \$100,000) (June 30, 2023 - \$132,400 (US \$100,000)) and accrued interest of \$20,531 (US \$15,000) (June 30, 2023 - \$19,860 (US \$15,000)) to the Chief Executive Officer and Chairman of the Company. These amounts have not been repaid to the respective related party and remain outstanding.

The 2023 Demand Notes have matured and are in default.

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Convertible Debentures

Convertible Debentures Series– March 12, 2021

On March 12, 2021, the Company closed a non-brokered private placement of unsecured subordinated convertible debenture units (the “Debenture Units of Series A-1”) of the Company for gross proceeds of \$390,000.

Each Debenture Unit of Series A-1 consists of \$1,000 principal amount of unsecured subordinated convertible debentures (the “Debentures of Series A-1”) and 1,000 common share purchase warrants (the “Warrants of Series A-1”) of the Company. The Debentures of Series A-1 matured on March 12, 2022 and bear interest at a rate of 15% per annum, accrued monthly and payable at maturity. The outstanding principal amount of the Debentures of Series A-1 and any accrued interest is convertible into common shares of the Company at the option of the holder at any time prior to the maturity date at a conversion price of \$0.50 per share. The Company also has the option to force conversion of the Debentures of Series A-1 and any accrued interest at the same conversion price if the Company’s common shares trade above \$0.50 per share for ten consecutive trading days on the Canadian Securities Exchange. Furthermore, the Debentures of Series A-1 and accrued interest shall automatically convert into common shares of the Company at maturity. Each full Warrant of Series A-1 entitles the holder to purchase one common share of the Company until March 12, 2023 at an exercise price of \$0.75 per share.

The Debenture Units of Series A-1 were determined to be an equity instrument, comprising a conversion feature and warrants as a result of the Company being able to avoid a contractual obligation to pay cash related to the principal and interest at maturity. The subscription amount of \$390,000 was allocated to the equity portion of convertible debt and warrants based on their pro-rata fair values of \$208,452 and \$181,548, respectively. The interest expense related to the Debenture Units of Series A-1 are added to the equity portion of convertible debt as accrued.

On May 31, 2022, the Debenture Units of Series A-1 were converted into the Convertible Debentures Series A-2 offering. The principal amount of \$390,000, the accrued interest of \$58,500 were transferred to Convertible Debentures Series A-2. As a result of the transfer, a loss in the amount of \$99,635 was recorded.

During the year ended June 30, 2024, interest of \$nil was recorded in the equity portion of the convertible debt (June 30, 2023 – \$nil; June 30, 2022 – \$45,762) in relation to these convertible debentures.

Convertible Debentures Series A-5 – May 30, 2022

On May 31, 2022, the Company closed a non-brokered private placement of unsecured subordinated convertible debenture units (the “Debenture Units of Series A-2”) of the Company for gross proceeds of \$897,000, bearing interest at 15% per annum, accrued monthly and payable at maturity, on May 31, 2023. Each Debenture Unit of Series A-2 consists of \$1,000 principal amount of unsecured subordinated convertible debentures (the “Debentures of Series A-2”) and 1,000 common share purchase warrants (the “Warrants of Series A-2”) of the Company. The Debentures of Series A-2 mature on May 31, 2023 and bear interest at a rate of 15% per annum, accrued monthly and payable at maturity. The outstanding principal amount of the Debentures of Series A-2 and any accrued interest is convertible into common shares of the Company at the option of the holder at any time prior to the maturity date at a conversion price of \$0.36 per share. The Company also has the option to force conversion of the Debentures of Series A-2 and any accrued interest at the same conversion price if the Company’s common shares trade above \$1.00 per share for ten consecutive trading days on the Canadian Securities Exchange. Furthermore, the Debentures of Series A-2 and accrued interest shall automatically convert into common shares of the Company at maturity. Each full Warrant of Series A-2 entitles the holder to purchase one common share of the Company until May 31, 2024 at an exercise price of \$1.25 per share.

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Prior to closing of the Offering, the Company exercised its rights of repayment in respect of the Convertible Debentures of Series A-1 of the Company issued on March 12, 2021 and, in connection with its election for early repayment, holders of the Convertible Debentures of Series A-1 directed the Company to retain the funds representing repayment and to apply such funds towards satisfaction of the purchase price for the respective Debenture of Series A-2. The Company issued an aggregate of \$488,500 worth of Debenture Units to the subscribers of the Debentures of Series A-1. The remaining \$448,500 pertained to a settlement of outstanding Demand Loans in the amount of \$390,000 (US \$300,000) and \$58,500 (US \$45,000) of interest.

At initial recognition, the Debenture Units of Series A-2 were determined to be an equity instrument due to being able to avoid a contractual obligation to pay cash related to the principal and interest at maturity. The subscription amount of \$897,000 was allocated to the equity portion of convertible debt and warrants based on their pro-rata fair values of \$678,433 and \$218,567, respectively. The interest expense related to the Debenture Units of Series A-2 are added to the equity portion of convertible debt as accrued.

On the maturity date of May 30, 2023, the Company did not elect to convert the Debenture Units of Series A-2. As a result of the non-exercise of the conversion option, the Company's Debenture Units of Series A-2 no longer met the criteria of an equity instrument, as it could no longer avoid the contractual obligation to pay cash related to the principal and interest. Accordingly, the Company reclassified the equity portion of convertible debenture to a convertible debenture liability at its face value of \$897,000. As a result of the reclassification, the Company recorded a loss in the amount of \$218,567 during the year ended June 30, 2023. The loss arises from the difference between the face value of convertible debentures and the amount reclassified from equity to the convertible debenture liability on the maturity date.

During the year ended June 30, 2024, interest of \$134,093 was recorded in the convertible debentures (June 30, 2023 – \$134,551). As at June 30, 2024, the outstanding principal amount of the convertible debentures remained at \$897,000 and the outstanding accrued interest amounted to \$279,856.

Subsequent Events

Subsequent to year end, the Company issued 300,606 common shares pursuant to the partial exercise of above noted convertible debentures.

Key Contractual Obligations

There are no other key contractual obligations as at June 30, 2024 other than leases entered into through its retail operations disclosed in details in the Company's consolidated financial statements.

Off Balance Sheet Arrangements

As at June 30, 2024, the Company did not have any off-Balance Sheet arrangements, including any relationships with unconsolidated entities or financial partnerships to enhance perceived liquidity.

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Transactions with Related Parties

Related party transactions as at and for the years ended June 30, 2024, 2023 and 2022 and the balances as at those dates, not disclosed elsewhere in these consolidated financial statements are as follows:

- a) During the year ended June 30, 2024, the Company expensed \$660,000 (June 30, 2023 – \$660,000; June 30, 2022 – \$669,000), in fees payable to officers and directors of the Company and in fees payable to a corporation related by virtue of a common officer and director; and
- b) As at June 30, 2024, the Company had fees payable to officers and directors of the Company of \$3,222,517 (June 30, 2023 – \$2,467,695).

Contingencies

During the year ended June 30, 2023, the Company was identified as a defendant along with three other defendants (the "Other Defendants") to a complaint in the Orange County Superior Court of California and for the State of California (the "Complaint"). The Complaint contains five causes of actions by the plaintiff (the "Plaintiff"), but only one of those causes of action, for injunctive relief, is asserted against the Company. The Complaint involves claims by the Plaintiff that at the request of the Other Defendants, the Plaintiff guaranteed a loan to acquire lab equipment for the benefit of the Other Defendants in the amount of \$251,793. The Complaint claims that the Other Defendants failed to pay off the subject loan and converted the equipment, depriving the Plaintiff of the ability to foreclose and receive repayment. The cause of action for injunctive relief against the Company (as well as the Other Defendants) requests that the court issue an order setting forth title and control to the equipment. The Company currently leases this equipment from the Other Defendants. The Company has not been served the Complaint and there is no claim for damages against the Company presently in the Complaint. The Company intends on defending this Complaint to the extent that a liability is imposed on the Company for the replacement of the equipment or for the monetary damages imposed on the Other Defendants. As at the date of these consolidated financial statements, it is premature, and not practical, to determine whether or not there will be any outflow and, if so, the amount of that outflow. Accordingly, no provisions have been made on the Company's consolidated financial statements of position with respect to the Complaint. As at the date of this report, the Company has not been serviced with a lawsuit related to this Complaint.

Financial and Derivative Instruments

The Company, through its financial assets and liabilities, is exposed to various risks. The Company has established policies and procedures to manage these risks, with the objective of minimizing any adverse effect that changes in these variables could have on these consolidated financial statements. The following analysis provides a measurement of risks as at June 30, 2024.

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is not exposed to any significant credit risk.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due within one year. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. As at June 30, 2024, there is substantial doubt about the Company's ability to continue as a going concern primarily due to its history of losses. Liquidity risk continues to be a key concern in the development of future operations.

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Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rates on all of the Company's existing debt are fixed, and therefore it is not currently subject to any significant cash flow interest rate risk.

The Company is exposed to foreign currency risk from fluctuations in foreign exchange rates and the degree of volatility in these rates due to the timing of their accounts payable balances. The risk is mitigated by timely payment of creditors and monitoring of foreign exchange fluctuations by management. As at June 30, 2024, the Company did not use derivative instruments to hedge its exposure to foreign currency risk.

The Company's operations do not involve the direct input or output of any commodities and therefore it is not subject to any significant commodity price risk. In addition, the Company does not have any equity investment in other listed public companies, and therefore it is not subject to any significant stock market price risk.

Material Accounting Policy Information

These consolidated financial statements of the Company and its subsidiaries were prepared using material accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). The material accounting policy information used in the preparation of these consolidated financial statements are described below.

Basis of Presentation

These consolidated financial statements have been prepared on a historical cost basis, except where otherwise disclosed. Historical cost is based on the fair value of the consideration given in exchange for assets. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's presentation currency.

Translation of foreign-currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of each subsidiary at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss resulting from the settlement of such transactions and from the translation at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Translation of financial statements of subsidiaries

In translating the financial statements of the Company's foreign subsidiaries from their functional currencies into the Company's presentation currency of Canadian dollars, statement of financial position accounts are translated using the closing exchange rate in effect at the statement of financial position date and income and expense accounts are translated using an average exchange rate prevailing during the reporting period. Adjustments resulting from the translation, if any, are included in accumulated other comprehensive income (loss) in shareholders' equity (deficiency).

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Use of Estimates and Judgements

The preparation of these consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of 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. The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The key assumptions concerning the future, and other key sources of estimation uncertainty as of the date of the statement of financial position that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next fiscal year arise in connection with the valuation of financial instruments, valuation of acquired assets, fair value of share purchase warrants, share-based payments and deferred tax assets.

Basis of Consolidation

These consolidated financial statements include those of the Company and of the entities controlled by the Company (the "subsidiaries"). Control over an investee is achieved when the Company has power over the investee, has exposure or rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of its returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The following table lists the Company's subsidiaries and their functional currencies.

Name of Subsidiaries	Place of Incorporation	Ownership Interest	Currency
CordovaCann Holdings Canada, Inc.	Ontario, Canada	100%	Canadian Dollars
Cordova Investments Canada, Inc.	Ontario, Canada	100%	Canadian Dollars
2734158 Ontario Inc.	Ontario, Canada	60.45%	Canadian Dollars
10062771 Manitoba Ltd.	Manitoba, Canada	51.00%	Canadian Dollars
CordovaCann Holdings, Inc.	Delaware, USA	100%	Canadian Dollars
Cordova CO Holdings, LLC	Colorado, USA	100%	United States Dollars
Cordova OR Holdings, LLC	Oregon, USA	100%	United States Dollars
CDVA Enterprises, LLC	California, USA	100%	United States Dollars
Cordova CA Holdings, LLC	California, USA	100%	United States Dollars
Cordova OR Operations, LLC	Oregon, USA	100%	United States Dollars
Cannabilt Farms, LLC	Oregon, USA	100%	United States Dollars
Cannabilt OR Retail, LLC	Oregon, USA	100%	United States Dollars
Cannabilt Holdings, Inc.	Oregon, USA	100%	United States Dollars
Future Processing, LLC	Oregon, USA	100%	United States Dollars
Extraction Technologies, LLC	Washington, USA	100%	United States Dollars
Cordova WA Holdings, LLC	Washington, USA	100%	United States Dollars
Cordova MA Holdings, Inc.	Massachusetts, USA	100%	United States Dollars

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Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the expected service periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the stock options reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

Compound financial instruments

Compound financial instruments issued by the Company are comprised of convertible debentures that can be converted into common shares and promissory notes payable attached with warrants. The Compound financial instruments are segregated into their debt and equity components or derivative liability components at the date of issue, in accordance with the substance of the contractual agreements. The conversion feature of the convertible promissory notes is presumed to be classified as a derivative financial liability unless it meets all the criteria to recognize as equity instrument. One of criteria is that the conversion option exchanges a fixed amount of shares for a fixed amount of cash ("fixed for fixed").

If the conversion feature meets the fixed for fixed criteria, the conversion option will be classified as equity components. Equity instruments are instruments that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Therefore, when the initial carrying amount of the compound financial instruments is allocated to its equity and liability components, the equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. The sum of the carrying amounts assigned to the liability and equity components on initial recognition is always equal to the fair value that would be ascribed to the instrument as a whole. No gain or loss arises from initially recognizing the components of the instrument separately.

If the conversion feature does not meet the fixed for fixed criteria, the conversion option will be recorded as derivative financial liability, which must be separately accounted for at fair value on initial recognition. The carrying amount of the debt component, on initial recognition, is recalculated as the difference between the proceeds of the convertible promissory notes as a whole and the fair value of the derivative financial liabilities. Subsequent to initial recognition, the derivative financial liability is re-measured at fair value at the end of each reporting period with changes in fair value recognized in the statement of operation for each reporting period, while the debt component is accreted to the face value of the debt using the effective interest method.

Transaction costs are allocated to the debt and equity components in proportion to the allocation of the proceeds on initial recognition. Transaction costs allocated to equity components will be accounted for as a deduction from equity, net of any related income tax benefit; cost allocated to the derivative financial liability component are expensed; and cost allocated to the debt component are offset against the carrying amount of the liability and included in the determination of the effective interest rate.

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The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the computed financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or upon expiration, when the carrying value of the equity portion is transferred to common shares or contributed surplus.

Financial instruments

The Company recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. Under IFRS 9, such financial assets or financial liabilities are initially recognized at fair value and the subsequent measurement depends on their classification.

Financial assets

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or at fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income ("FVTOCI"); or (iii) at fair value through profit or loss ("FVTPL").

Amortized cost - Financial assets classified and measured at amortized cost are those assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are SPPI. Financial assets classified at amortized cost are measured using the effective interest method.

Fair value through other comprehensive income - Financial assets classified and measured at FVTOCI are those assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows that are SPPI. This classification includes certain equity instruments where IFRS 9 allows an entity to make an irrevocable election to classify the equity instruments, on an instrument-by-instrument basis, that would otherwise be measured at FVTPL to present subsequent changes in FVTOCI.

FVTPL - Financial assets classified and measured at FVTPL are those assets that do not meet the criteria to be classified at amortized cost or at FVTOCI. This category includes debt instruments whose cash flow characteristics are not SPPI or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell the financial asset.

Financial liabilities

Under IFRS 9, financial liabilities are primarily classified at amortized cost with limited exceptions. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires. The Company's accounting policy for each category is as follows:

FVTPL - This category comprises derivatives, liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term, and certain financial liabilities that were designated at FVTPL from inception.

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Amortized cost - Financial liabilities are recognized initially at fair value net of directly attributable transaction costs. They are subsequently recognized at amortized cost using effective interest method with interest expense recognized on an effective yield basis.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when the Company has a legal right to offset the amounts and it intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

The following table summarizes the classification of the Company's financial instruments:

Financial assets

Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Other deposit	Amortized cost

Financial liabilities

Accounts payable and accrued liabilities	Amortized cost
Convertible debentures	Amortized cost
Mortgage payable	Amortized cost
Contract liability	Amortized cost
Promissory notes payable	Amortized cost

IFRS 9 uses an expected credit loss impairment model which is applicable to financial assets measured at amortized cost where any expected future credit losses are provided for, irrespective of whether a loss event has occurred as at the reporting date. For accounts receivable excluding taxes receivable, the Company utilized a provision matrix, as permitted under the simplified approach, and has measured the expected credit losses based on lifetime expected credit losses taking into consideration historical credit loss experience and financial factors specific to the debtors and other factors. The carrying amount of trade receivables is reduced for any expected credit losses through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of comprehensive income. At the point when the Company is satisfied that no recovery of the amount owing is possible, the amount is considered not recoverable and the financial asset is written off.

Impairment of long-lived assets

Long-lived assets, including property, plant and equipment and intangible assets are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU").

The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss equal to the amount by which the carrying amount exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

CordovaCann Corp.

Management's Discussion and Analysis
For the Year Ended June 30, 2024

Inventories

Inventories for finished cannabis goods are initially valued at cost, and subsequently at the lower of cost and net realizable value. Cost is determined using the average costing method. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventories identified are written down to net realizable value.

Revenue

Revenue from the sale of cannabis goods is recognized when the significant risks and rewards of ownership have been transferred, generally at the date of transfer of ownership title. Revenue from the sale of goods is measured at the fair value of the consideration received.

Service revenues, including long-term marketing contracts, are recognized over a period of time as performance obligations are completed. Payment of the transaction price for the marketing contract is typically due prior to the services being rendered and therefore, the transaction price is recognized as a contract liability, or deferred revenue, when payment is received. Contract liabilities are subsequently recognized into revenue as or when the Company fulfills its performance obligation.

Evaluation of Disclosure Control and Procedures

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, or the Exchange Act. This term refers to the controls and procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission. Our management, including our Chief Executive Officer and Chief Financial Officer, together with the members of our Audit Committee have evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were ineffective as of the end of the period covered by this report.

There were no changes to our internal control over financial reporting since June 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Business Environment

Compliance with Applicable State Law

Each licensee of the Intellectual Property complies with applicable U.S. state licensing requirements as follows: (1) each licensee is licensed pursuant to applicable U.S. state law to cultivate, possess and/or distribute cannabis in such state; (2) renewal dates for such licenses are docketed by legal counsel and/or other advisors; (3) random internal audits of the licensee's business activities are conducted by the applicable state regulator and by the respective investee to ensure compliance with applicable state law; (4) each employee is provided with an employee handbook that outlines internal standard operating procedures in connection with the cultivation, possession and distribution of cannabis to ensure that all cannabis inventory and proceeds from the sale of such cannabis are properly accounted for and tracked, using scanners to confirm each customer's legal age and the validity of each customer's drivers' license; (5) each room that cannabis inventory and/or proceeds from the sale of such inventory enter is monitored by video surveillance; (6) software is used to track cannabis inventory from seed-to-sale; and (7) each licensee is contractually obligated to comply with applicable state law in connection with the cultivation, possession and/or distribution of cannabis. CordovaCann's U.S. legal counsel reviews, from time to time, the licenses and documents referenced above in order to confirm such information and identify any deficiencies.

CordovaCann Corp.

Management's Discussion and Analysis
For the Year Ended June 30, 2024

Oregon's Cannabis Regulatory Environment

For the purposes of Staff Notice 51-352, the assets and interests held by CordovaCann in Oregon are classified as “ancillary” involvement in the U.S. cannabis industry.

Oregon authorized the cultivation, possession and distribution of cannabis by certain licensed Oregon cannabis businesses. The Oregon Liquor Control Commission regulates Oregon's cannabis regulatory program. CordovaCann is advised by U.S. legal counsel and/or other advisors in connection with Oregon's cannabis regulatory program. CordovaCann only engages in transactions with Oregon cannabis businesses that hold licenses that are in good standing to cultivate, possess and/or distribute cannabis in Oregon in compliance with Oregon's cannabis regulatory program. To the extent required by Oregon's cannabis regulatory program, CordovaCann has fully disclosed and/or registered each financial interest CordovaCann holds in such Oregon cannabis business.

Washington's Cannabis Regulatory Environment

For the purposes of Staff Notice 51-352, the assets and interests contemplated to be held by CordovaCann in Washington are classified as “ancillary” involvement in the U.S. cannabis industry.

Washington authorized the cultivation, possession and distribution of cannabis by certain licensed Washington cannabis businesses. The Washington State Liquor and Cannabis Board regulates Washington's cannabis regulatory program. CordovaCann is advised by U.S. legal counsel and/or other advisors in connection with Washington's cannabis regulatory program. CordovaCann only engages in transactions with Washington cannabis businesses that hold licenses that are in good standing to cultivate, possess and/or distribute cannabis in Washington in compliance with Washington's cannabis regulatory program. To the extent required by Washington's cannabis regulatory program, CordovaCann has fully disclosed and/or registered each financial interest CordovaCann holds in such Washington cannabis business.

Public Securities Filings

Additional information regarding the Company is filed on SEDAR+ at www.sedarplus.ca and the United States Securities and Exchange Commission at www.edgar.gov.

CERTIFICATION

I, Thomas M. Turner, Jr. certify that:

1. I have reviewed this annual report on Form 20-F of CordovaCann Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 13, 2024

/s/ Thomas M. Turner, Jr.

Thomas M. Turner, Jr.
Chief Executive Officer

CERTIFICATION

I, Ashish Kapoor certify that:

1. I have reviewed this annual report on Form 20-F of CordovaCann Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 13, 2024

/s/ Ashish Kapoor

Ashish Kapoor
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the annual report on Form 20-F of CordovaCann Corp. for the year ended June 30, 2024, as filed with the Securities and Exchange Commission, I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The annual report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the annual report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

Date: December 13, 2024

/s/ Thomas M. Turner, Jr.

Thomas M. Turner, Jr.

Chief Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the annual report on Form 20-F of CordovaCann Corp. for the year ended June 30, 2024, as filed with the Securities and Exchange Commission, I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The annual report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the annual report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

Date: December 13, 2024

/s/ Ashish Kapoor

Ashish Kapoor

Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

AUDIT COMMITTEE CHARTER**1. Purpose and Authority**

The Audit Committee (“**Committee**”) is a committee of the board of directors (the “**Board**”) of CordovaCann Corp. (the “**Company**”). Its primary function shall be to assist the Board in fulfilling its oversight responsibilities with respect to accounting and financial reporting processes, the integrity of the financial statements the Company, compliance with legal and regulatory requirements, the overall adequacy and maintenance of the systems of internal controls that management has established and the overall responsibility for the Company’s external and internal audit processes including the external auditor’s qualifications, independence and performance.

The Committee shall have access to such officers and employees of the Company, its external auditor and its legal counsel as the Committee considers to be necessary or desirable in order to perform its duties and responsibilities. In addition, the Committee shall have the authority and funding to retain independent legal, accounting and other consultants to advise the Committee. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any advisers employed by the Committee and to the external auditor employed by the Company for the purpose of rendering or issuing an audit report or performing other audit, review or attest services and ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Committee shall be accountable to the Board. In the course of fulfilling its specific responsibilities, the Committee shall maintain open communication between the Company’s external auditor and the Board.

The responsibilities of a member of the Committee shall be in addition to such member’s duties as a member of the Board.

The Committee has the duty to review and ensure that the Company’s financial disclosures are complete and accurate, are in accordance with generally accepted accounting principles and fairly present the financial position and risks of the organization. The Committee should, where it deems appropriate, review compliance with laws and regulations and the Company’s own policies.

The Committee will provide the Board with such recommendations and reports with respect to the financial disclosures of the Company as it deems advisable.

2. Membership and Composition

The Committee shall consist of at least three directors, a majority of which shall be independent, who shall serve on behalf of the Board. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. Each member shall meet the independence, financial literacy and experience requirements of any stock exchange upon which the securities of the Company may be listed to the extent required by the rules of such exchange, National Instrument 52-110 – *Audit Committees* and other regulatory agencies as required. The Board may, at any time, remove or replace any member of the Committee and may fill any vacancy in the Committee.

Financial literacy requires that all members of the Committee shall have the ability to read and understand a set of financial statements that present the breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements.

A majority of members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other, will constitute a quorum for a meeting of the Committee.

The Board will appoint one member of the Committee to act as the chair (“**Chair**”) of the Committee. In his or her absence, the Committee may appoint another person to act as chair of a meeting of the Committee provided a quorum is present. The Chair will appoint a secretary of the meeting, who need not be a member of the Committee and who will maintain the minutes of the meeting.

3. Meetings

At the request of the external auditor, the Chair of the Board, the Chief Executive Officer or the Chief Financial Officer of the Company or any member of the Committee, the Chair of the Committee will convene a meeting of the Committee. In advance of every meeting of the Committee, the Chair, with the assistance of the Chief Financial Officer, will ensure that the agenda and meeting materials are distributed in a timely manner.

The Committee shall meet regularly and at least on a quarterly basis.

4. Duties and Responsibilities

The Committee shall take charge of all responsibilities imparted on an audit committee of the Company, as they may apply from time to time, under National Instrument 52-110 – *Audit Committees* and stock exchange rules. The duties and responsibilities of the Committee include the following:

4.1 Financial Reporting and Disclosure

- (a) Review and discuss with management and the external auditor at the completion of the annual examination:
 - (i) the Company’s audited financial statements and related notes; the external auditor’s audit of the financial statements and their report;
 - (ii) any significant changes required in the external auditor’s audit plan;
 - (iii) any serious difficulties or disputes with management encountered during the course of the audit; and
 - (iv) other matters related to the conduct of the audit which are to be communicated to the Committee under International Financial Reporting Standards (“**IFRS**”).
- (b) Review and discuss with management and the external auditor at the completion of any review engagement or other examination, the Company’s quarterly financial statements.
- (c) Review and discuss with management, prior to their public disclosure, the annual reports, quarterly reports, Management’s Discussion and Analysis (“**MD&A**”), earnings press releases and any other material disclosure documents containing or incorporating by reference audited or unaudited financial statements of the Company and, if thought advisable, provide their recommendations on such documents to the Board.

- (d) Review and discuss with management any guidance being provided to shareholders on the expected earnings of the Company and, if thought advisable, provide their recommendations on such documents to the Board.
- (e) Inquire of the auditors regarding the quality and acceptability of the Company's accounting principles and estimates, including the clarity of financial disclosure and the degree of conservatism or aggressiveness of the accounting policies and estimates.
- (f) Review the Company's compliance with any policies and reports received from regulators. Discuss with management and the external auditor the effect on the Company's financial statements of significant regulatory initiatives.
- (g) Meet with the external auditor and management in separate executive sessions, as necessary or appropriate, to discuss any matters that the Committee or any of these groups believe should be discussed privately with the Committee.
- (h) Ensure that management has the proper and adequate systems and procedures in place for the review of the Company's financial statements, financial reports and other financial information including all Company disclosure of financial information extracted or derived from the Company's financial statements, and that they satisfy all legal and regulatory requirements. The Committee shall periodically assess the adequacy of such procedures.
- (i) Review with the Company's counsel, management and the external auditor any legal or regulatory matter, including reports or correspondence, which could have a material impact on the Company's financial statements or compliance policies.
- (j) Based on discussions with the external auditor concerning the audit, the financial statement review and such other matters as the Committee deems appropriate, recommend to the Board the filing of the audited annual and unaudited quarterly financial statements and MD&A on SEDAR and the inclusion of the audited annual statements and MD&A in the Annual Report on Form 20-F and the unaudited quarterly financial statements and MD&A in the Current Reports on Form 6-K.

4.2 External Auditor

- (a) Be responsible for recommending to the Board the appointment of the Company's external auditor and for the compensation, retention and oversight of the work of the external auditor employed by the Company. The external auditor shall report directly to the Committee. The Committee shall be responsible to resolve any disagreements, if any, between management and the external auditor regarding financial reporting.
- (b) Consider, in consultation with the external auditor, the audit scope and plan of the external auditor.
- (c) Confirm with the external auditor and receive written confirmation at least once per year as to the external auditor's internal processes and quality control and disclosure of any investigations or government enquiries, reviews or investigations of the external auditor.
- (d) Take reasonable steps to confirm at least annually the independence of the external auditor, which shall include:

- (i) ensuring receipt from the external auditor of a formal written statement delineating all relationships between the external auditor and the Company, consistent with IFRS, and determine that they satisfy the requirements of all applicable securities laws,
 - (ii) considering and discussing with the external auditor any disclosed relationships or services, including non-audit services, that may impact the objectivity and independence of the external auditor, and
 - (iii) approving in advance any audit or permissible non-audit related services provided by the external auditor to the Company with a view to ensuring independence of the external auditor, and in accordance with any applicable regulatory requirements, including the requirements of all applicable securities laws with respect to approval of non-audit related services performed by the external auditor.
- (e) Approve the lead audit partner for the Company's external auditor, confirm that such lead partner has not performed audit services for the Company for more than five previous fiscal years, and otherwise ensure the rotation of the lead partner and other partners in accordance with all applicable securities laws.
 - (f) Review and approve the Company's hiring policies regarding partners, employees and former employees of the present and former external auditors of the Company.

4.3 Internal Controls and Audit

- (a) Review and assess the adequacy and effectiveness of the Company's systems of internal control and management information systems through discussion with management and the external auditor to ensure that the Company maintains appropriate systems, is able to assess the pertinent risks of the Company and that the risk of a material misstatement in the financial disclosures can be detected.
- (b) Assess the requirement for the appointment of an internal auditor for the Company.
- (c) Review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process required under applicable Canadian and United States securities laws. Review any significant deficiencies in the design and operation of internal controls over financial reporting or disclosure controls and procedures and any fraud involving management or other employees who have a significant role in the Company's internal controls.

4.4 General

- (a) Conduct an ongoing review of any transaction now in effect, and review and approve in advance any proposed transaction, that could be within the scope of "related party transactions" as such term is defined in applicable securities laws, and establish appropriate procedures to receive material information about and prior notice of any such transaction.
- (b) Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- (c) Conduct or authorize investigations into any matter within the scope of this Charter. The Committee may request that any officer or employee of the Company, its external legal counsel or its external auditor attend a meeting of the Committee or meet with any member(s) of the Committee.
- (d) Review the qualifications of the senior accounting and financial personnel.
- (e) Enquire of management and the external auditor regarding significant financial risks or exposures and the steps management has taken to minimize such risks to the Company.
- (f) Perform any other activities consistent with this Charter, the Company's Articles and governing law, as the Committee or the Board deems necessary or appropriate.

4.5 Oversight Function

While the Committee has the responsibilities and powers set out in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate or are in accordance with IFRS and applicable rules and regulations. These are the responsibilities of management and the external auditor. The Committee and the Chair and any members of the Committee identified as having accounting or related financial expertise are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Company, and are specifically not accountable or responsible for the day to day operation or performance of such activities. Although the designation of a member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and the Board in the absence of such designation. Rather, the role of a member of the Committee who is identified as having accounting or related financial expertise, like the role of all members of the Committee, is to oversee the process, not to certify or guarantee the internal or external audit of the Company's financial information or public disclosure.

5. Chair of the Committee

The Chair of the Committee:

- (a) provides leadership to the Committee with respect to its functions as described in this Charter and as otherwise may be appropriate, including overseeing the logistics of the operations of the Committee;
- (b) chairs meetings of the Committee, unless not present, including in camera sessions, and reports to the Board following each meeting of the Committee on the findings, activities and any recommendations of the Committee;
- (c) ensures that the Committee meets on a regular basis and at least quarterly;
- (d) in consultation with the Chair of the Board and the Committee members, establishes a calendar for holding meetings of the Committee;
- (e) establishes the agenda for each meeting of the Committee, with input from other Committee members, the Chair of the Board, and any other parties as applicable;
- (f) acts as liaison and maintains communication with the Chair of the Board and the Board to optimize and co-ordinate input from Board members, and to optimize the effectiveness of the Committee. This includes reporting to the full Board on all proceedings and deliberations of the Committee at the first meeting of the Board after each Committee meeting and at such other times and in such manner as the Committee considers advisable;
- (g) reports annually to the Board on the role of the Committee and the effectiveness of the Committee's role in contributing to the objectives and responsibilities of the Board as a whole;
- (h) ensures that the members of the Committee understand and discharge their duties and obligations;
- (i) fosters ethical and responsible decision making by the Committee and its individual members;
- (j) together with the Corporate Governance and Nominating Committee, oversees the structure, composition, membership and activities delegated to the Committee from time to time;
- (k) ensures that resources and expertise are available to the Committee so that it may conduct its work effectively and efficiently and pre-approves work to be done for the Committee by consultants;
- (l) facilitates effective communication between members of the Committee and management;
- (m) addresses, or causes to be addressed, all concerns communicated to him or her under the Company's Whistleblower Policy or Code of Conduct; and
- (n) performs such other duties and responsibilities as may be delegated to the Chair of the Committee by the Board from time to time.

This Charter will be reviewed annually and any recommended changes will be submitted to the Board for approval.

Last reviewed and approved by the Board on November 5, 2018.



7100 Woodbine Ave, Suite 219
Markham, Ontario Canada L3R 5J2
Tel: 905-415-9666
Fax: 647-930-7939
dntw.audit@dntw.com

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the inclusion of our audit report dated October 28, 2024, in Form 20-F filed by CordovaCann Corp. Our report includes an explanatory paragraph as to the Company's ability to continue as a going concern, with respect to our audit of the consolidated financial statements of the Company comprising the consolidated statements of financial position, operations and comprehensive loss, changes in equity (deficiency) and cash flows for the year ended June 30, 2024.

Markham, Canada
December 13, 2024

DNTW Toronto LLP
Chartered Professional Accountants
Licensed Public Accountants



December 13, 2024

To Whom it may concern:

Consent of Independent Registered Public Accounting Firm

We consent to the use of our report dated October 27, 2022, on the consolidated financial statements of CordovaCann Corp., which comprise of the consolidated statements of financial position as of June 30, 2022 and 2021, consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and statements of cash flows for the years ended June 30, 2022 and 2021, and the related notes (collectively referred to as the "consolidated financial statements"), which are incorporated by reference herein and to the reference to our firm under the heading "Experts" in the proxy statement/prospectus included in the Registration Statement on Form 20-F dated December 13, 2024 of CordovaCann Corp.

Kreston gTA LLP

Chartered Professional Accountants
Markham, Canada
December 13, 2024

CORDOVACANN CORP.

**NOTICE OF CHANGE OF AUDITORS
PURSUANT TO NATIONAL INSTRUMENT 51-102 ("NI 51-102")**

October 18, 2023

TO: KRESTON GTA LLP

AND TO: DNTW TORONTO LLP

**AND TO: British Columbia Securities Commission
Ontario Securities Commission**

Dear Sirs/Mesdames:

Re: Notice Regarding Proposed Change of Auditor Pursuant to NI 51-102

Notice is hereby given that on October 18, 2023, the Board of Directors of CordovaCann Corp. (the "Company") determined:

1. to request the resignation of Kreston GTA LLP (the "Former Auditor"), as auditor of the Company, effective October 18, 2023; and
2. to engage DNTW Toronto LLP (the "Successor Auditor"), as auditor of the Company, effective October 18, 2023.

There have been no modified opinions in the Former Auditor's reports on any of the Company's financial statements for the two most recently completed fiscal years nor for any period subsequent to the most recently completed fiscal year.

In the opinion of the Company, prior to the resignation, and as at the date hereof, there were no reportable events as defined in NI 51-102 (Part 4.11).

The contents of this Notice and the termination of the Former Auditor and the proposed appointment of the Successor Auditor were approved by the Audit Committee and the Board of Directors of the Company.

DATED at Toronto, Ontario this 18th day of October, 2023.

**BY ORDER OF THE BOARD OF DIRECTORS OF
CORDOVACANN CORP.**

"Taz Turner"

Taz Turner
Chief Executive Officer



October 24, 2023

British Columbia Securities Commission
Alberta Securities Commission

Dear Sirs/Mesdames:

Re: CordovaCann Corp.

We have read the information contained in the Change of Auditor Notice of CordovaCann Corp. dated October 18, 2023 (the "Notice"), which we understand will be filed pursuant to Section 4.11 of National Instrument 51-102. Based on our knowledge as of the date hereof, we agree with the statements contained in the Notice.

Very truly yours,

A handwritten signature in blue ink that reads 'Kreston gta'.

Kreston GTA LLP
Chartered Professional Accountants
Licensed Public Accountants

knowing you.

Kreston GTA LLP is a partnership
registered in Ontario, Canada.

8953-8965 Woodbine Avenue
Markham, Ontario, L3R 0J9

66 Wellington Street
Aurora, Ontario, L4G 1H8

krestongta.com

An independent member of the
Kreston Global network

MEMBER OF THE
FORUM OF FIRMS



CHARTERED
PROFESSIONAL
ACCOUNTANTS

45 Sheppard Avenue East, Suite 703
Toronto, ON M2N 5W9
Main 416 924-4900
Fax 416 924-9377
www.dntwtoronto.com

October 24, 2023

British Columbia Securities Commission
Ontario Securities Commission

Dear Sirs/Mesdames:

Re: Notice of Change of Auditor of CordovaCann Corp. (the "Corporation")

We acknowledge receipt of a Notice of Change of Auditor of CordovaCann Corp. (the "Notice") dated October 18, 2023, delivered to us by the Corporation, pursuant to National Instrument 51-102 — *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

We have reviewed the Notice and, based on our knowledge at this time, we are in agreement with the statements contained in the Notice as it pertains to our firm.

Yours truly,

DNTW Toronto LLP

Chartered Professional Accountants
Licensed Public Accountants
