
Billy Goat Brands Ltd. (Formerly 1266663 B.C. Ltd.)

Financial Statements

For the period from incorporation on September 22, 2020

to December 31, 2020

(Expressed in Canadian Dollars)



INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF BILLY GOAT BRANDS LTD. (FORMERLY 1266663 B.C. LTD.)

Opinion

We have audited the financial statements of Billy Goat Brands Ltd. (the "Company"), which comprise:

- ♦ the statement of financial position as at December 31, 2020;
- ♦ the statement of loss and comprehensive loss for the period from incorporation on September 22, 2020 to December 31, 2020;
- ♦ the statement of changes in equity for the period from incorporation on September 22, 2020 to December 31, 2020;
- ♦ the statement of cash flows for the period from incorporation on September 22, 2020 to December 31, 2020; and
- ♦ the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its financial performance and its cash flows for the for the period from incorporation on September 22, 2020 to December 31, 2020, in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has an accumulated deficit of \$37,017 as at December 31, 2020. As stated in Note 1, this condition along with other matters set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management Discussion & Analysis filed with the relevant Canadian securities commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, and remain alert for indications that the other information appears to be materially misstated.

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

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

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

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

- ♦ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ♦ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ♦ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ♦ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditors' report is Sukhjit Gill.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia

August 24, 2021

Billy Goat Brands Ltd. (Formerly 1266663 B.C. Ltd.)
Statement of Financial Position
As at December 31, 2020
(Expressed in Canadian Dollars)

December 31, 2020

ASSETS

Current

Cash \$ 409,966

TOTAL ASSETS \$ **406,966**

LIABILITIES AND SHAREHOLDERS' EQUITY

Current

Accounts payable and accrued liabilities (Note 5) \$ 33,483

TOTAL LIABILITIES \$ 33,483

SHAREHOLDERS' EQUITY

Share capital (Note 4) \$ 20,000

Reserves (Note 4) 393,500

Deficit (37,017)

TOTAL SHAREHOLDERS' EQUITY 376,483

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY \$ **409,966**

Nature of operations and ability to continue as a going concern (Note 1)
Subsequent events (Note 8)

Approved and authorized for issuance on behalf of the Board on August 24, 2021.

"Kris Dahl" , Director

"Kerry Biggs" , Director

(The accompanying notes are an integral part of these financial statements)

Billy Goat Brands Ltd. (Formerly 1266663 B.C. Ltd.)
Statement of Loss and Comprehensive Loss
Period from incorporation on September 22, 2020 to December 31, 2020
(Expressed in Canadian Dollars)

	Period from incorporation on September 22, 2020 to December 31, 2020
<hr/>	
Operating Expenses	
Office and miscellaneous	\$ 236
Professional fees	3,298
Management fees (Note 5)	33,483
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Net Loss and Loss for the Period	\$ (37,017)
Net Loss per Share, Basic and Diluted	\$ (0.00)
<hr/>	
Weighted Average Number of Shares Outstanding	3,120,002

(The accompanying notes are an integral part of these financial statements)

Billy Goat Brands Ltd. (Formerly 1266663 B.C. Ltd.)
Statements of Changes in Equity
Period from incorporation on September 22, 2020 to December 31, 2020
(Expressed in Canadian Dollars)

	Share Capital	Amount	Reserves	Deficit	Total
Incorporation on September 22, 2020	2	\$ -	\$ -	\$ -	-
Shares issued for cash (Note 4)	4,000,000	20,000	-	-	20,000
Special warrants issued (Note 4)	-	-	393,500	-	393,500
Net and comprehensive loss for the period	-	-	-	(37,017)	(37,017)
Balance, December 31, 2020	4,000,002	\$ 20,000	\$ 393,500	\$ (37,017)	\$ 376,483

(The accompanying notes are an integral part of these financial statements)

Billy Goat Brands Ltd. (Formerly 1266663 B.C. Ltd.)
Statement of Cash Flows
Period from incorporation on September 22, 2020 to December 31, 2020
(Expressed in Canadian Dollars)

		Period from incorporation on September 22, 2020 to December 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$	(37,017)
Changes in non-cash working capital:		
Accounts payable and accrued liabilities		33,483
		(3,534)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares		20,000
Proceeds from issuance of special warrants		393,500
		413,500
NET CHANGE IN CASH		409,966
CASH – beginning of period		-
CASH – end of period	\$	409,966

(The accompanying notes are an integral part of these financial statements)

Billy Goat Brands Ltd. (Formerly 1266663 B.C. Ltd.)
Notes to the Financial Statements
Period from incorporation on September 22, 2020 to December 31, 2020
(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

Billy Goat Brands Ltd. (formerly 1266663 B.C. Ltd) (the “Company” or “Billy”) is an investment holding firm focused on investments and acquisition of assets in the function foods, plant-based proteins and health and wellness space. The Company was formed on September 22, 2020 under the Business Corporations Act in Province of British Columbia, Canada. On January 6, 2021, the Company changed its name from 1266663 B.C. Ltd. to Billy Goat Brands Ltd.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At December 31, 2020, the Company had not achieved profitable operations, had an accumulated deficit of \$37,017 and expects to incur further losses in the development of its business. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

Although the Company has been successful in the past in obtaining financing, there can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations, expansion and customer deployments.

In March 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (“COVID-19”) as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Company in future periods.

2. Basis of Presentation

a) Statement of Compliance and Presentation

These financial statements have been prepared in accordance with the International Financial Reporting Standard (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

These financial statements have been prepared on a historical cost basis, except for certain financial instruments. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

b) Functional and Presentation Currency

The presentation and functional currency of the Company is the Canadian dollar. All amounts in these financial statements are expressed in Canadian dollars, unless otherwise indicated.

c) Significant Accounting Judgment and Estimates

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. Estimates and assumptions are pervasive throughout the financial statements and are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and future periods impacted.

2. Basis of Presentation (continued)

c) Significant Accounting Judgment and Estimates (continued)

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

i. Going Concern

The assessment of whether the concern assumption is appropriate requires management to consider all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

ii. Investment entity

Management has applied judgement in determining whether the Company meets the criteria required under IFRS 10, in order to be classified as an investment entity.

3. Significant Accounting Policies

a) Income Taxes

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

Current income taxes are recognized for the estimated income taxes payable or recoverable on taxable income or loss for the current period. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the period-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit nor loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be realized.

b) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received or given up is not readily determinable, the fair market value of the shares is used to record the transaction.

3. Significant Accounting Policies (continued)

c) Share-Based Payment Transactions

A share option plan allows Company employees and consultants to acquire shares of the Company. Upon completing a share option plan, the fair value of any options granted will be recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Where share options are awarded to employees, the fair value is measured at grant date, and each tranche would be recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Where share options are granted to non-employees, fair value would be measured at grant date at the fair value of the goods or services received, unless they are related to the issuance of shares. All share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

d) Accounting for Equity Units

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the fair value of the common shares, and any excess is allocated to warrants. Share issue costs (if any) are deducted against share proceeds.

e) Loss Per Share

The Company presents basic and diluted loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

f) Financial Instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive loss (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classifications under IFRS 9:

Financial assets	Classification
Cash	FVTPL
Accounts payable and accrued liabilities	Amortized Cost

3. Significant Accounting Policies (continued)

f) Financial Instruments (continued)

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive loss.

Equity instruments designated as FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity instrument. The Company does not currently hold any equity instruments designated as FVTOCI.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit loss. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of loss and comprehensive loss.

3. Significant Accounting Policies (continued)

f) Financial Instruments (continued)

Derecognition (continued)

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4. Share Capital

Authorized

Unlimited common shares without par value.

Share Capital

During the period ended December 31, 2020, the Company had the following transactions that resulted in the issuance of its common shares:

On incorporation, the Company issued 2 incorporation shares at \$0.005 per share.

On October 9, 2020, the Company issued 4,000,000 common shares for gross proceeds of \$20,000 pursuant to a non-brokered private placement.

Stock options – Directors, Officers, Employees and Consultants

The Board of Directors of the Company may from time-to-time grant to directors, officers, employees and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares, exercisable for a period of up to five years from the date of grant. The Company currently has not finalized nor executed its stock option plan, but will be preparing a more formal structure and plan shortly.

The Company did not grant any stock options granted during the period ended December 31, 2020.

Special Warrants

On December 4, 2020, the Company issued 19,675,000 special warrants of the Company at a price of \$0.02 per special warrant for gross proceeds of \$393,500. Each Special Warrant is convertible into units for no additional consideration with each unit consisting of one common share of the Company and one common share purchase warrant with each warrant entitling the holder thereof to purchase one additional share of the Company at a price of \$0.10 per share for a period of twenty-four months from the date of issuance of the warrants. The Company recorded \$393,500 in reserves for the issuance of these special warrants.

Billy Goat Brands Ltd. (Formerly 1266663 B.C. Ltd.)
Notes to the Financial Statements
Period from incorporation on September 22, 2020 to December 31, 2020
(Expressed in Canadian Dollars)

4. Share Capital (continued)

Warrants

The continuity for warrants for the period ended December 31, 2020 is as follows:

	Number of warrants	Weighted average exercise price
		\$
Incorporation on September 22, 2020	-	-
Special warrants issued	19,675,000	0.10
Balance at December 31, 2020	19,675,000	0.10

5. Related Party Disclosures

The Company's related parties consist of its key management personnel, including its directors and officers.

During the normal course of business, the Company enters into transactions with its related parties that are considered to be arm's length transactions and made at normal market prices and on normal commercial terms.

	Period from incorporation on September 22, 2020 to December 31, 2020
	\$
Management fees paid/accrued to a company controlled by director of the Company	17,150
Management fees paid/accrued to a company controlled by director of the Company	16,333
	33,483

As at December 31, 2020, \$33,483 is due to related parties. All balances are unsecured, non-interest bearing, and are due on demand

6. Financial Instruments and Risk Management

- a) Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles most of its financial obligations with cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company is exposed to liquidity risk.

As at December 31, 2020, the Company had a cash balance of \$409,966 to settle current liabilities of \$33,483, which are due within 12 months of October 31, 2020.

- b) 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. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. Cash is held with major financial institutions in Canada and, accordingly, credit risk is nominal.
- c) Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk consists of two components:
- a. To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and
 - b. To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

6. Financial Instruments and Risk Management (continued)

Current financial assets and financial liabilities are generally not exposed to interest rate cash flow risk due to their short-term nature and maturity.

- d) The Company's financial instruments consist of cash and accounts payable and accrued liabilities. Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of hierarchy are:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Financial instruments classified as level 1 – Unadjusted quoted prices in active markets include cash.

The estimated fair value of accounts payable and accrued liabilities are equal to their carrying values due to the short-term nature of these instruments.

7. Income Taxes

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27% to income before income taxes.

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	2020
Net loss for the period	\$ 37,017
Statutory income tax rate	27%
Income tax benefit computed at statutory tax rate	\$ 9,995
Unused tax losses and tax offsets not recognized	(9,995)
Income tax expense	\$ -

Deferred income tax assets are only recognized to the extent that the realization of tax benefits is determined to be probable. As at December 31, 2020, the Company has not recognized the benefit of the following deductible temporary differences:

	2020
Non-capital loss carry forward	\$ 37,017

As at December 31, 2020, the Company has approximately \$37,000 in estimated non-capital losses for Canadian income tax purposes that may be carried forward to reduce taxable income derived in future years. The non-capital losses expire in 2040.

Billy Goat Brands Ltd. (Formerly 1266663 B.C. Ltd.)
Notes to the Financial Statements
Period from incorporation on September 22, 2020 to December 31, 2020
(Expressed in Canadian Dollars)

8. Subsequent Events

On January 24, 2021, the Company entered into a binding term sheet with Sophie's Kitchen, Inc. ("Sophie"), which was replaced with a credit facility agreement dated March 15, 2021, with the same terms. The Company agreed to provide a credit facility to Sophie in the principal amount of US\$3,000,000 at the rate of 6% interest per annum with a maturity date 12 months after closing date. The maximum monthly draw from the credit facility is US\$500,000. The Company will receive share purchase warrants entitling the Company to acquire additional common shares of Sophie with a value of US\$1,500,000 based on a twenty percent discount from the post-subscription valuation of Sophie immediately prior to a public listing of Sophie. The Company also has a share subscription option to acquire additional common shares of Sophie with a value of US\$2,400,000, less the accrued interest.

On January 28, 2021, the Company issued 3,750,000 common shares at \$0.10 per share for proceeds of \$375,000 pursuant to the first tranche of a non-brokered private placement.

On February 8, 2021, the Company entered into a loan agreement where the Company agreed to loan US\$500,000 at the rate of 6% interest per annum with a maturity date of March 15, 2022 to Sophie. The loan will be used for general working capital purposes in connection with the development and expansion of the existing operations of Sophie.

On February 8, 2021, the Company entered into a share purchase agreement with Funguys Beverage Inc. ("Funguys"). The Company acquired all of the issued and outstanding common shares of Funguys for 21,995,600 common shares of the Company at a price of \$0.10 per share and 10,997,800 warrants at an exercise price of \$0.25, exercisable for a period of twenty-four months following the closing date. Funguys' principal business is the development of mushroom infused cold coffee drinks.

On February 10, 2021, the Company acquired 1,842,105 common shares of The Vegetarian Butcher Inc. ("Vegetarian"), for a 12.4% ownership of Vegetarian, at \$0.19 per share for a total of \$350,000. The Company will issue 134,000 finders shares in connection to the acquisition of the Vegetarian common shares.

On February 19, 2021, the Company granted 5,000,000 stock options to an arms-length consultant for business development and advisory services which is 100% vested immediately with an exercise price of \$0.02 per share expiring on February 19, 2022. The fair value of the stock options was estimated to be \$1,150,805 using the Black-Scholes option pricing model with the following assumptions: term - 1 years; expected volatility - 100%; risk-free rate - 0.22%; and expected dividends - zero.

On February 23, 2021, the Company granted 500,000 stock options to an arms-length consultant for business development and advisory services which is 100% vested immediately with an exercise price of \$0.02 per share expiring on December 31, 2021. The fair value of the stock options was estimated to be \$115,047 using the Black-Scholes option pricing model with the following assumptions: term - 0.85 years; expected volatility - 100%; risk-free rate - 0.22%; and expected dividends - zero.

On February 26, 2021, the Company issued 19,840,000 common shares at \$0.10 per share for proceeds of \$1,984,000 pursuant to the second tranche of the January 28, 2021 non-brokered private placement.

On March 29, 2021, the Company completed a private placement of 2,600,000 units at \$0.25 per unit for gross proceeds of \$650,000, with each unit comprising of one common share and one-half-of-one common share purchase warrant. Each whole warrant entitling the holder to purchase one additional common share of the Company at a price of \$0.50 per share purchase warrant share for a period of twenty-four months from the date of issue. 102,000 finder's warrants with the same terms were issued and \$25,500 cash was paid in connection to the private placement.

On April 23, 2021, the Company issued 5,500,000 common shares on the exercise of 5,500,000 options for proceeds of \$110,000.

8. Subsequent Events (continued)

On April 26, 2021, the Company issued 9,848,733 Units at \$0.25 per share for proceeds of \$2,462,183 pursuant to the non-brokered private placement. Each Unit is comprised of one common share (a “Common Share”) and one-half of one transferable common share purchase warrant (each whole warrant being a “Warrant”), each Warrant entitles the holder to acquire one additional Common Share of the Company at a price of \$0.50 for a period of two years from the date of issuance. The Company received an aggregate amount of \$2,347,091 pursuant to the private placement

On May 7, 2021, the Company granted 5,350,000 stock options with an exercise price of \$0.25 per share and 275,000 stock options with an exercise price of \$0.50 expiring on May 7, 2026. One third of the stock options vest on the grant, one third vesting six months after the date of grant and the remaining one third to vest twelve months after the date of grant. The fair value of the stock options was estimated to be \$1,037,052 using the Black-Scholes option pricing model with the following assumptions: term - 5 years; expected volatility - 100%; risk-free rate - 0.87%; and expected dividends - zero.

On May 18, 2021, the Company issued 9,505,000 special warrants of the Company at a price of \$0.50 per special warrant for gross proceeds of \$4,752,500. On the Automatic Exercise Date, each \$0.50 Special Warrant shall be automatically exercised for one unit of the Company without payment of any additional consideration and without further action on the part of the holder. Each unit related to the \$0.50 Offering will consist of one Common Share and one half of one (1/2) \$1.00 Warrant entitling the holder thereof to purchase one additional Warrant Share at a price of \$1.00 per Warrant Share until May 18, 2023. In connection with the special warrants, the Company incurred \$88,166 in finders’ fees and issued 176,330 finders warrants with an exercise price of \$1.00 expiring May 18, 2023.

On July 7, 2021, the Company issued 1,092,500 Common Shares valued at \$0.20 per Common Share to acquire 184,415 common shares of Sophie’s Kitchen valued at US\$218,500 (USD\$1.1848 per share), representing approximately 1.8% of the issued and outstanding share capital of Sophie’s Kitchen.

On July 7, 2021, the Company issued 182,500 Common Shares valued at \$0.25 per Common Share for consulting services valued at USD\$36,500.

On July 7, 2021, the Company issued 1,616,804 Common Shares valued at approximately \$0.50 per Common Share and made cash payments of USD\$970,082.10 to acquire an aggregate of 1,347,336 common shares of Sophie’s Kitchen valued at USD\$1,616,803 (USD\$1.20 per share), representing approximately 16.44% of the issued and outstanding share capital of Sophie’s Kitchen.

On July 27, 2021, the Company issued 1,500,000 Finders’ Fee Shares in connection with the Sophie’s Kitchen investment and 200,000 Finders’ Fee Shares in connection with the purchase of the Vegetarian Shares.

Billy Goat Brands Ltd. (Formerly 1266663 B.C. Ltd.)

Condensed Interim Financial Statements

For the three and six months ended June 30, 2021

(Unaudited, expressed in Canadian Dollars)

Billy Goat Brands Ltd. (Formerly 1266663 B.C. Ltd.)
Condensed Interim Statement of Financial Position
(Unaudited, expressed in Canadian Dollars)

	June 30, 2021	December 31, 2020 (Audited)
ASSETS		
Current		
Cash	\$ 6,702,852	\$ 409,966
Loan receivable (Note 5)	100,000	-
Prepaid expenses	494,680	-
	7,297,532	409,966
Investments (Notes 4 and 7)	5,341,765	-
TOTAL ASSETS	\$ 12,639,297	\$ 409,966
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 54,248	\$ 33,483
TOTAL LIABILITIES	54,248	33,483
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	7,737,101	20,000
Obligation to issue shares (Note 4)	170,000	-
Reserves (Note 6)	7,014,014	393,500
Deficit	(2,336,066)	(37,017)
TOTAL SHAREHOLDERS' EQUITY	12,585,049	376,483
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 12,639,297	\$ 409,966

Nature of operations and going concern (Note 1)
Subsequent events (Note 9)

Approved and authorized for issuance on behalf of the Board on September 8, 2021.

"Kris Dahl" , Director

"Kerry Biggs" , Director

(The accompanying notes are an integral part of these condensed interim financial statements)

Billy Goat Brands Ltd. (Formerly 1266663 B.C. Ltd.)
Condensed Interim Statement of Loss and Comprehensive Loss
(Unaudited, expressed in Canadian Dollars)

	Three Months ended June 30, 2021	Six Months ended June 30, 2021
Operating Expenses		
Advertising and promotions	\$ 52,518	\$ 63,404
Management fees (Note 7)	30,000	60,000
Office and miscellaneous	44,987	45,379
Professional fees	221,965	383,157
Share based compensation (Note 6)	345,686	1,611,537
Consulting fees (Note 7)	445,285	445,285
Transfer agent and filing fees	112,797	112,797
Transaction costs (Note 4)	170,000	170,000
Loss before other income (loss)	\$ (1,423,238)	(2,891,559)
Other income (loss)		
Impairment of investments (Note 4)	(1,285,132)	(1,285,132)
Interest income (Note 4)	15,621	19,734
Gain on investments (Note 4)	1,857,908	1,857,908
Net Loss and Comprehensive Loss for the Period	\$ (834,841)	\$ (2,299,049)
Net Loss per Share, Basic and Diluted	\$ (0.031)	\$ (0.054)
Weighted Average Number of Shares Outstanding	26,934,086	42,740,784

(The accompanying notes are an integral part of these condensed interim financial statements)

Billy Goat Brands Ltd. (Formerly 1266663 B.C. Ltd.)
Condensed Interim Statements of Changes in Equity
(Unaudited, expressed in Canadian Dollars)

	Share Capital	Amount	Obligation to issue shares	Reserves	Deficit	Total
Incorporation on September 22, 2020	2	\$ -	\$ -	\$ -	\$ -	-
Shares issued for cash	4,000,000	20,000	-	-	-	20,000
Special warrants issued	-	-	-	393,500	-	393,500
Net and comprehensive loss for the period	-	-	-	-	(37,017)	(37,017)
Balance, December 31, 2020	4,000,002	\$ 20,000	\$ -	\$ 393,500	\$ (37,017)	\$ 376,483
Shares issued for private placement	35,658,500	\$ 5,312,483	\$ -	\$ 9,071	\$ -	5,321,554
Shares issued for investment	21,995,600	2,199,560	-	335,572	-	2,535,132
Shares issued on exercise of options	5,500,000	110,000	-	-	-	110,000
Special warrants issued	-	-	-	4,664,334	-	4,664,334
Shares issued to settle debt	380,233	95,058	-	-	-	95,058
Share based compensation	-	-	-	1,611,537	-	1,611,537
Obligation to issue shares	-	-	170,000	-	-	170,000
Net and comprehensive loss for the period	-	-	-	-	(2,299,049)	(2,299,049)
Balance, June 30, 2021	67,534,335	\$ 7,737,101	\$ 170,000	\$ 7,014,014	\$ (2,336,066)	\$ 12,585,049

(The accompanying notes are an integral part of these condensed interim financial statements)

Billy Goat Brands Ltd. (Formerly 1266663 B.C. Ltd.)
Condensed Interim Statement of Cash Flows
(Unaudited, expressed in Canadian Dollars)

	Six months ended		Period from
	June 30, 2021		incorporation on
			September 22, 2020 to
			December 31, 2020
			(Audited)
CASH FLOWS USED IN OPERATING ACTIVITIES			
Loss for the period	\$	(2,299,049)	\$ (37,017)
Items not affecting cash:			
Share based compensation		1,611,537	-
Impairment of investments		1,285,132	-
Interest income		(19,734)	-
Transaction costs		170,000	-
Gain on investments		(1,857,908)	-
Changes in non-cash working capital:			
Prepaid expenses		(494,680)	-
Accounts payable and accrued liabilities		67,501	33,483
		(1,537,201)	(3,534)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares		5,376,125	20,000
Options exercised		110,000	-
Equity issuance costs		(94,415)	-
Proceeds from issuance of special warrants		4,752,500	393,500
		10,144,210	413,500
CASH FLOWS USED IN INVESTING ACTIVITIES			
Loans receivable		(100,000)	-
Investment in Sophie's Kitchen		(1,864,123)	-
Investment in Vegetarian Butcher		(350,000)	-
		(2,314,123)	-
NET CHANGE IN CASH		6,292,886	409,966
CASH - beginning of period		409,966	-
CASH - end of period	\$	6,702,852	\$ 409,966
Supplemental cash flow information			
Interest paid	\$	-	\$ -
Income taxes paid		-	-
Common shares issued for Funguys investment		2,199,560	-
Common shares issued to settle debt		95,058	-
Warrants issued for Funguys investment		335,572	-
Finders warrants issued		19,784	-

(The accompanying notes are an integral part of these condensed interim financial statements)

Billy Goat Brands Ltd. (Formerly 1266663 B.C. Ltd.)
Notes to the Condensed Interim Financial Statements
For the Three and Six Months Ended June 30, 2021 and
Period from Incorporation on September 22, 2020 to December 31, 2020
(Unaudited, expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

Billy Goat Brands Ltd. (formerly 1266663 B.C. Ltd) (the “Company” or “Billy”) is an investment holding firm focused on investments and acquisition of assets in the functional foods, plant-based proteins and health and wellness space. The Company was formed on September 22, 2020 under the Business Corporations Act in Province of British Columbia, Canada. On January 5, 2021, the Company changed its name from 1266663 B.C. Ltd. to Billy Goat Brands Ltd.

These condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At June 30, 2021, the Company had not achieved profitable operations, had an accumulated deficit of \$2,336,066 (December 31, 2020 - \$37,017) and expects to incur further losses in the development of its business. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

Although the Company has been successful in the past in obtaining financing, there can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations.

In March 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (“COVID-19”) as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Company in future periods.

2. Basis of Presentation

a) Statement of Compliance and Presentation

These condensed interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB have been condensed or omitted and therefore, these interim financial statements should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2020.

These financial statements have been prepared on a historical cost basis, except for certain financial instruments. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

b) Functional and Presentation Currency

The presentation and functional currency of the Company is the Canadian dollar. All amounts in these financial statements are expressed in Canadian dollars, unless otherwise indicated.

Billy Goat Brands Ltd. (Formerly 1266663 B.C. Ltd.)
Notes to the Condensed Interim Financial Statements
For the Three and Six Months Ended June 30, 2021 and
Period from Incorporation on September 22, 2020 to December 31, 2020
(Unaudited, expressed in Canadian Dollars)

2. Basis of Presentation (continued)

c) Significant Accounting Judgment and Estimates

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. Estimates and assumptions are pervasive throughout the financial statements and are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and future periods impacted.

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

i. Going Concern

The assessment of whether the concern assumption is appropriate requires management to consider all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

ii. Investment entity

Management has applied judgement in determining whether the Company meets the criteria required under IFRS 10, in order to be classified as an investment entity.

iii. Investments

Where the fair values of investments in private companies recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgment is required to establish fair value.

iv. Loans receivable

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

3. Significant Accounting Policies

The accounting policies applied by the Company in these condensed interim financial statements are the same as those applied by the Company as at and for the period ended December 31, 2020 other than stated below.

Billy Goat Brands Ltd. (Formerly 1266663 B.C. Ltd.)
Notes to the Condensed Interim Financial Statements
For the Three and Six Months Ended June 30, 2021 and
Period from Incorporation on September 22, 2020 to December 31, 2020
(Unaudited, expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

Functional Currency

All figures presented in the consolidated financial statements are reflected in Canadian dollars;

Foreign currency transactions are translated to the respective functional currencies of the Company's entities at the exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate applicable at the statement of financial position date. Non-monetary items carried at historical cost denominated in foreign currencies are translated to the functional currency at the date of the transactions. Non-monetary items carried at fair value denominated in foreign currencies are translated to the functional currency at the date when the fair value was determined. Realized and unrealized exchange gains and losses are recognized through profit and loss.

4. Investments

At June 30, 2021, the Company held the following investments:

	Number of Shares		Cost		Fair Value
Private Companies					
Vegetarian Butcher Inc.	1,842,105	\$	350,000	\$	350,000
Funguys Beverage Inc.	100		2,535,132		1,250,000
Credit Facility					
Sophie's Kitchen		\$	1,883,857	\$	1,883,857
Warrants					
Sophie's Kitchen			-	\$	1,857,908
		\$	4,768,989	\$	5,341,765

At December 31, 2020, the Company held \$Nil investments.

Funguys Beverage Inc.

On February 8, 2021, the Company acquired all of the issued and outstanding common shares of Funguys Beverage Inc. ("Funguys") for 21,995,600 common shares of the Company at a price of \$0.10 per share and 10,997,800 warrants at an exercise price of \$0.25, exercisable for a period of twenty-four months following the closing date. The acquisition constitutes a related party transaction (see note 7). The consideration for acquiring all of the issued and outstanding common shares of Funguys consists of the issuance of the Company's common shares with a cost base of \$2,199,560 and a value of the warrants of \$335,572 for a total cost base of \$2,535,132. The fair value of the warrants was estimated to be \$335,572 using the Black-Scholes option pricing model with the following assumptions: term - 2 years; expected volatility - 100%; risk-free rate - 0.18%; and expected dividends - zero. Funguys' principal business is the development of mushroom infused cold coffee drinks. At period end an independent third-party valuation was performed and deemed the fair value of the entire holdings of Funguys to be \$1,250,000, with a resulting impairment on investments of \$1,285,132.

Vegetarian Butcher Inc.

On February 10, 2021, the Company acquired 1,842,105 common shares of The Vegetarian Butcher Inc. ("Vegetarian"), for a 12.4% ownership of Vegetarian, at \$0.19 per share for a total of \$350,000. The Company has an obligation to issue 200,000 finders' common shares in connection with the purchase of Vegetarian common shares at a value of \$0.10 per share. The 200,000 finders' common shares were issued subsequent to the period ended June 30, 2021 (see note 9).

Billy Goat Brands Ltd. (Formerly 1266663 B.C. Ltd.)
Notes to the Condensed Interim Financial Statements
For the Three and Six Months Ended June 30, 2021 and
Period from Incorporation on September 22, 2020 to December 31, 2020
(Unaudited, expressed in Canadian Dollars)

4. Investments (continued)

Sophie's Kitchen, Inc.

On February 8, 2021, the Company entered into a loan agreement where the Company agreed to loan CAD\$614,673 (US\$500,000) at the rate of 6% interest per annum with a maturity date of June 30, 2022 to Sophie's Kitchen, Inc. ("Sophie's Kitchen"). The loan will be used for general working capital purposes in connection with the development and expansion of the existing operations of Sophie.

On March 15, 2021, the Company entered into a credit facility agreement with Sophie's Kitchen to establish a credit facility in the principal amount of USD\$3,000,000 (the "**SF Credit Facility**") at the rate of 6% interests per annum with a maturity date 12 months after closing. The SF Credit Facility permits short term loans for general working capital purposes of Sophie's Kitchen. The maximum monthly draw from the SF Credit Facility is USD\$500,000.

These loan proceeds can be converted to Sophie's Kitchen common equity at any time prior to the maturity date at the option of the Company at a pre-determined valuation. In any event, the loan has a mandatory conversion provision into Sophie's Kitchen common equity at the maturity date. The prior loan on February 8, 2021 was converted into the SF Credit Facility as the first drawdown.

The Company received share purchase warrants entitling the Company to acquire additional common shares of Sophie's Kitchen with a value of USD\$1,500,000 based on a twenty percent discount from the post-subscription valuation of Sophie's Kitchen immediately prior to a public listing of Sophie's Kitchen. These warrants can be converted to Sophie's Kitchen common equity at any time prior to the maturity date of March 15, 2031. The Company also has a share subscription option at a predetermined valuation, to acquire additional common shares of Sophie's Kitchen with a value of USD\$2,400,000, less the accrued interest. In aggregate, the Company has the right to acquire up to a 33% equity stake in Sophie's Kitchen.

The Company has an obligation to issue 1,500,000 finders' common shares in connection with the SF Credit Facility at a value of \$0.10 per share. The 1,500,000 finders' common shares were issued subsequent to the period ended June 30, 2021 (see note 9).

For the six month period ended June 30, 2021, drawdowns of \$1,864,123 were made as per the SF Credit Facility. As at June 30, 2021, \$1,883,857 was outstanding which includes interest accrual of \$19,734. This has been classified as an investment.

5. Loan Receivable

On February 11, 2021, the Company loaned Funguys \$100,000 for working capital purposes. The loan accrues zero-interest and is repayable on demand.

6. Share Capital

Authorized

Unlimited common shares without par value.

Share Capital

During the period ended June 30, 2021, the Company had the following transactions that resulted in the issuance of its common shares:

On January 28, 2021, the Company issued 3,750,000 common shares at \$0.10 per share for proceeds of \$375,000 pursuant to the first tranche of a non-brokered private placement.

Billy Goat Brands Ltd. (Formerly 1266663 B.C. Ltd.)
Notes to the Condensed Interim Financial Statements
For the Three and Six Months Ended June 30, 2021 and
Period from Incorporation on September 22, 2020 to December 31, 2020
(Unaudited, expressed in Canadian Dollars)

6. Share Capital (continued)

On February 8, 2021, the Company entered into a share purchase agreement with Funguys Beverage Inc. (“Funguys”). The Company acquired all of the issued and outstanding common shares of Funguys for 21,995,600 common shares of the Company at a price of \$0.10 per share and 10,997,800 warrants at an exercise price of \$0.25, exercisable for a period of twenty-four months following the closing date. Funguys’ principal business is the development of mushroom infused cold coffee drinks.

On February 26, 2021, the Company issued 19,840,000 common shares at \$0.10 per share for proceeds of \$1,984,000 pursuant to the second tranche of the January 28, 2021 non-brokered private placement.

On March 29, 2021, the Company completed a private placement of 2,600,000 units at \$0.25 per unit for gross proceeds of \$650,000, with each unit comprising of one common share and one-half-of-one common share purchase warrant. Each whole warrant entitling the holder to purchase one additional common share of the Company at a price of \$0.50 per share purchase warrant share for a period of twenty-four months from the date of issue. 102,000 finder’s warrants with the same terms were issued and \$25,500 cash was paid in connection to the private placement.

On April 26, 2021, the Company issued 9,468,500 Units at \$0.25 per share for proceeds of \$2,367,125 pursuant to the non-brokered private placement. Each Unit is comprised of one common share (a “Common Share”) and one-half of one transferable common share purchase warrant (each whole warrant being a “Warrant”), each Warrant entitles the holder to acquire one additional Common Share of the Company at a price of \$0.50 for a period of two years from the date of issuance.

On April 26, 2021, the Company issued 380,233 Units at \$0.25 per share with a fair value of \$95,058 to settle \$95,058 of accounts payable owed to related parties (see Note 7). Each Unit is comprised of one common share (a “Common Share”) and one-half of one transferable common share purchase warrant (each whole warrant being a “Warrant”), each Warrant entitles the holder to acquire one additional Common Share of the Company at a price of \$0.50 for a period of two years from the date of issuance.

During the six months ended June 30, 2020, the Company issued 5,500,000 shares for \$110,000 upon the exercise of options.

During the period ended December 31, 2020, the Company had the following transactions that resulted in the issuance of its common shares:

On incorporation, the Company issued 2 incorporation shares at \$0.005 per share.

On October 9, 2020, the Company issued 4,000,000 common shares for gross proceeds of \$20,000 pursuant to a non-brokered private placement.

Stock options – Directors, Officers, Employees and Consultants

The Company adopted a stock option plan and may from time-to-time grant to directors, officers, employees and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares, exercisable for a period of up to five years from the date of grant.

Billy Goat Brands Ltd. (Formerly 1266663 B.C. Ltd.)
Notes to the Condensed Interim Financial Statements
For the Three and Six Months Ended June 30, 2021 and
Period from Incorporation on September 22, 2020 to December 31, 2020
(Unaudited, expressed in Canadian Dollars)

6. Share Capital (continued)

The continuity for stock options granted to directors, officers, employees and consultants of the Company for the period ended June 30, 2021 is as follows:

Grant Date	Expiry date	Number of options	Exercise price
May 7, 2021	May 7, 2026	5,350,000	\$ 0.25
May 7, 2021	May 7, 2026	275,000	0.50
Balance at June 30, 2021		5,625,000	\$ 0.14

	Number of options	Weighted average exercise price
		\$
Balance at December 31, 2020	-	-
Options granted	11,125,000	0.14
Options exercised	(5,500,000)	0.02
Balance at June 30, 2021	5,625,000	0.26
Vested and Exercisable	1,860,417	0.26
Unvested	3,764,583	0.26

As at June 30, 2021, the stock options have a weighted average remaining contractual life of 4.85 years (December 31, 2020 – Nil) years.

On February 19, 2021, the Company granted 5,000,000 stock options to an arms-length consultant for business development and advisory services which is 100% vested immediately with an exercise price of \$0.02 per share expiring on February 19, 2022. The fair value of the stock options was estimated to be \$1,150,805 using the Black-Scholes option pricing model with the following assumptions: term - 1 years; expected volatility - 100%; risk-free rate - 0.22%; and expected dividends - zero.

On February 23, 2021, the Company granted 500,000 stock options to an arms-length consultant for business development and advisory services which is 100% vested immediately with an exercise price of \$0.02 per share expiring on December 31, 2021. The fair value of the stock options was estimated to be \$115,047 using the Black-Scholes option pricing model with the following assumptions: term – 0.85 years; expected volatility - 100%; risk-free rate - 0.22%; and expected dividends - zero.

On May 7, 2021, the Company granted 5,350,000 stock options with an exercise price of \$0.25 per share and 275,000 stock options with an exercise price of \$0.50 expiring on May 7, 2026. One third of the stock options vest on the grant, one third vesting six months after the date of grant and the remaining one third to vest twelve months after the date of grant. The fair value of the stock options was estimated to be \$1,037,052 for the full vesting period of the options, with a current period charge of \$345,684. The Black-Scholes option pricing model was used with the following assumptions: term – 5 years, expected volatility – 100%, risk free rate 0.87% and expected dividends – zero.

Special Warrants

On December 4, 2020, the Company issued 19,675,000 special warrants of the Company at a price of \$0.02 per special warrant for gross proceeds of \$393,500. Each special warrant is convertible into units for no additional consideration with each unit consisting of one common share of the Company and one common share purchase warrant with each warrant entitling the holder thereof to purchase one additional share of the Company at a price of \$0.10 per share for a period of twenty-four months from the date of issuance of the warrants. The Company recorded \$393,500 in reserves for the issuance of these special warrants.

Billy Goat Brands Ltd. (Formerly 1266663 B.C. Ltd.)
Notes to the Condensed Interim Financial Statements
For the Three and Six Months Ended June 30, 2021 and
Period from Incorporation on September 22, 2020 to December 31, 2020
(Unaudited, expressed in Canadian Dollars)

6. Share Capital (continued)

On May 18, 2021, the Company issued 9,505,000 special warrants of the Company at a price of \$0.50 per special warrant for gross proceeds of \$4,752,500. On the Automatic Exercise Date, each \$0.50 special warrant shall be automatically exercised for one unit of the Company without payment of any additional consideration and without further action on the part of the holder. Each unit related to the \$0.50 special warrants will consist of one common share and one half of one (1/2) warrant entitling the holder thereof to purchase one additional warrant share at a price of \$1.00 per warrant share until May 18, 2023. The Company recorded \$4,664,334 in reserves for the issuance of these special warrants. 176,330 finder's warrants were issued and \$68,915 cash was paid in connection to the special warrants.

Finders' Warrants

The continuity for finders' warrants for the period ended June 30, 2021 is as follows:

	Number of warrants	Weighted average exercise price
		\$
Balance at December 31, 2020	-	-
Finders' warrants issued	278,330	0.75
Balance at June 30, 2021	278,330	0.75

On March 29, 2021, the Company issued 102,000 finder's warrants with an exercise price of \$0.50 per share expiring on March 29, 2023 to various parties in connection with the completed private placement. The fair value of the finder's warrants was estimated to be \$9,071 using the Black-Scholes option pricing model with the following assumptions: term - 2 years; expected volatility - 100%; risk-free rate - 0.23%; and expected dividends - zero.

On May 18, 2021, the Company issued 137,830 finder's warrants with an exercise price of \$1.00 per share and 38,500 finder's warrants with an exercise price of \$0.50 per share expiring on May 18, 2023 in connection to the special warrants issued. The fair value of the finder's warrants was estimated to be \$10,713 using the Black-Scholes option pricing model with the following assumptions: term - 2 years; expected volatility - 100%; risk-free rate - 0.51%; and expected dividends - zero.

Warrants

The continuity for warrants for the period ended June 30, 2021 is as follows:

	Number of warrants	Weighted average exercise price
		\$
Balance at December 31, 2020	-	-
Warrants issued	17,222,167	0.34
Balance at June 30, 2021	17,222,167	0.34

On February 8, 2021, the Company issued 10,997,800 warrants at an exercise price of \$0.25, exercisable for a period of twenty-four months following the closing date pursuant to the Funguys Beverage Inc. share purchase agreement. The fair value of the warrants was estimated to be \$94,198 using the Black-Scholes option pricing model with the following assumptions: term - 2 years; expected volatility - 100%; risk-free rate - 0.18%; and expected dividends - zero.

On March 29, 2021, the Company issued 1,300,000 warrants with an exercise price of \$0.50 per share expiring on March 29, 2023 pursuant to the completed private placement.

On April 26, 2021, the Company issued 4,924,366 warrants with an exercise price of \$0.50 per share expiring on April 26, 2023 pursuant to the completed private placement.

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7. Related Party Disclosures

The Company's related parties consist of its key management personnel, including its directors and officers.

During the normal course of business, the Company enters into transactions with its related parties at normal market prices and on normal commercial terms.

	June 30, 2021	Period from incorporation on September 22, 2020 to December 31, 2020
	\$	\$
Management fees paid/accrued to a company controlled by a director of the Company	133,250	33,483
	133,250	33,483

As at June 30, 2021, \$nil is due to related parties (December 31, 2020 - \$33,483). All balances are unsecured, non-interest bearing, and are due on demand

During the period ended June 30, 2021, the Company issued 380,233 Units at \$0.25 per share with a fair value of \$95,058 to settle \$95,058 of accounts payable owed to related parties for consulting and management fees.

During the period ended June 30, 2021, the Company closed the acquisition of Funguys Beverage Inc. ("Funguys"). The Company's CEO was common management of Funguys and a shareholder of Funguys prior to the closing of the transaction.

8. Financial Instruments and Risk Management

- a) Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining sufficient cash balances to meet liabilities when due and equity financing. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company is exposed to liquidity risk.

As at June 30, 2021, the Company had a cash balance of \$6,702,852 to settle current liabilities of \$54,248, which are due within 12 months.

- b) 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. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. Cash is held with major financial institutions in Canada and, accordingly, credit risk is nominal.
- c) Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk consists of two components:
- a. To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and
 - b. To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Current financial assets and financial liabilities are generally not exposed to interest rate cash flow risk due to their short-term nature and maturity. The loan receivable is not exposed to interest rate cash flow risk as the rate is fixed.

- d) The Company's financial instruments consist of cash and accounts payable and accrued liabilities. Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of hierarchy are:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Financial instruments classified as level 1 – Unadjusted quoted prices in active markets include cash.

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9. Subsequent Events

On July 7, 2021, the Company issued 1,092,500 Common Shares valued at \$0.20 per Common Share to acquire 184,415 common shares of Sophie's Kitchen valued at US\$218,500 (USD\$1.1848 per share), representing approximately 1.8% of the issued and outstanding share capital of Sophie's Kitchen.

On July 7, 2021, the Company issued 182,500 Common Shares valued at \$0.25 per Common Share for consulting services valued at USD\$36,500.

On July 7, 2021, the Company issued 1,616,804 Common Shares valued at approximately \$0.50 per Common Share and made cash payments of USD\$970,082 to acquire an aggregate of 1,347,336 common shares of Sophie's Kitchen valued at USD\$1,616,803 (USD\$1.20 per share), representing approximately 14.85% of the issued and outstanding share capital of Sophie's Kitchen.

On July 27, 2021, the Company issued 1,500,000 Finders' Fee Shares in connection with the Sophie's Kitchen investment and 200,000 Finders' Fee Shares in connection with the purchase of the Vegetarian Shares.

In August 2021, the Company subscribed for 41,667 units at \$3.60 per unit of Evanesce Packaging Solutions Inc. Each unit consists of one common share of Evanesce Packaging Solutions Inc. and one-half common share purchase warrant. Each whole warrant entitles the Company to purchase one additional common share for a period of two years at a price of \$3.90 if exercised in the first twelve months following issuance or \$4.80 if exercised after twelve months following issuance.