



WORLD-CLASS Extractions

FRA: WCF OTCQB: WCEXF CSE: PUMP

WORLD CLASS EXTRACTIONS INC.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS**

For the Year Ended April 30, 2022

(Expressed in Canadian Dollars unless otherwise indicated)



1. INTRODUCTION

The following Management’s Discussion and Analysis (“**MD&A**”) is a review of the financial condition and results of operations by the management (“**Management**”) of World Class Extractions Inc. (“**World-Class**” “**WCE**” or the “**Company**”) for the year ended April 30, 2022 (the “**Reporting Period**”). This MD&A is prepared as at October 27, 2022, unless otherwise indicated, and should be read in conjunction with the consolidated financial statements for the year ended April 30, 2022 and year ended April 30, 2021 (“**Financial Statements**”) and the notes related thereto which have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”). This MD&A was reviewed by the Audit Committee and, on the Audit Committee’s recommendation, approved by the Board of Directors of World-Class. All monies are expressed in Canadian dollars unless otherwise indicated. Additional information relevant to the activities of the Company has been filed electronically through the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) – <http://www.sedar.com> and are also available on the Company’s website <https://worldclassextractions.com/>.

2. CAUTIONARY NOTE ON FORWARD-LOOKING INFORMATION

This MD&A and the documents incorporated into this MD&A contain “forward-looking statements” and “forward-looking information” within the meaning of applicable securities laws (forward-looking information and forward-looking statements being collectively hereinafter referred to as “**forward-looking statements**”).

These forward-looking statements include statements regarding:

- the intentions, plans and future actions of the Company, including the completion of the Proposed COB (as defined herein) on the terms and conditions outlined in this MD&A;
- the intentions, plans and future actions of CannaWorld Ventures Inc. (the Company’s investee) with respect to the build out of CannaPark;
- the ability of the Company to obtain necessary financing;
- the ability of the Company to locate, negotiate and make investments;
- performance of the Company’s business and operations as it relates to its investees;
- the Company’s future liquidity and financial capacity;
- costs, timing and future plans concerning the business and operations of the Company and its investees; and
- results and expectations concerning various and prospective investments of the Company.

Such forward-looking statements are based on expectations, estimates and projections as at the date of this report or the dates of the documents incorporated herein, as applicable. Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as “expects” or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends”, or variations of such words and phrases, or stating that certain actions, events or results “may” or “could”, “would”, “should”, “might” or “will” be taken, occur or be

achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements.

The forward-looking statements made in this MD&A are made on a number of assumptions, risks, and material factors, which include but are not limited to: the Company's ability to obtain shareholder and CSE approval to complete the Proposed COB; estimated budgets; requirements for additional capital; the timing and possible outcome of regulatory and permitting matters; planned business activities and planned future acquisitions; the adequacy of financial resources; the Company's competitive position and the regulatory environment in which the Company operates; general risk of negative global financial consequences and heightened uncertainty as a result of COVID-19 (as defined herein), including but not limited to: the recent and future anticipated impact on operations in jurisdictions most impacted by the virus; the impact on demand for products and services, including positive impacts (for example, companies that are part of mitigation efforts or otherwise involved in addressing COVID-19); the triggering of force majeure clauses by third-party supplies or service providers; the effect on third-party suppliers or service providers; and other events or conditions that may occur in the future.

Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Forward-looking statements are based on the beliefs of the Company's Management, as well as on assumptions, which such Management believes to be reasonable based on information currently available at the time such statements were made. However, by their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation those risks outlined in the "Risks and Uncertainties" section below.

The forward-looking statements contained herein are based on information available as of the date of this MD&A.

Management's Responsibility for Financial Statements

The information provided in this MD&A, including the information contained in the Financial Statements, are the responsibility of Management. In the preparation of the accompanying Financial Statements, estimates are sometimes necessary to make a determination of the future values for certain assets or liabilities. Management of the Company believes such estimates have been based on careful judgments and have been properly reflected in the accompanying Financial Statements. Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

3. DISCUSSION AND ANALYSIS

Nature of Operations and Company Focus

World-Class is an innovation-driven company. On April 29, 2022, the shareholders of WCE approved a special resolution to change WCE's business. WCE is determined to refocus its business operations from



a cannabis and hemp company to an investment company. WCE's primary focus will be to seek returns through investments in equity, debt or other securities of publicly traded or private companies or other entities in the cannabis and cannabis related sectors with exceptional management and high growth potential, providing financing in exchange for financial appreciation and investment income. The Company will be looking to primarily invest its funds for purposes of generating returns from capital appreciation and investment income. It intends to accomplish these goals through the identification of an investment in securities of private and publicly listed entities that are involved in or connected with the cannabis and cannabis related industries. The Company will not invest in any companies with marijuana-related practices or activities (including the cultivation, possession or distribution of marijuana) in the United States of America.

During the year ended April 30, 2022, the Company, Fire & Flower Holdings Corp. ("**FFHC**") and its wholly owned subsidiary Hifyre™ Inc. ("**Hifyre**") entered into an agreement whereby Hifyre acquired 100% of the issued and outstanding shares of Pineapple Express Delivery Inc. ("**PED**") (the "**Transaction**"). As consideration for the Transaction, FFHC has assumed and repaid approximately \$5.15 million in debt owed by PED and issued a total of 1,153,142 common shares of FFHC ("**Common Shares**"), of which a total of 313,708 were released on closing, with the remainder placed into escrow pending completion of customary working capital adjustments and subject to achievement of certain performance-based milestones in the fiscal 2022 year. FFHC is a technology-powered, adult-use cannabis retailer with more than 100 corporate-owned stores in its network. FFHC leverages its wholly-owned technology development subsidiary, Hifyre, to continually advance its proprietary retail operations model while also providing additional independent high-margin revenue streams. FFHC guides consumers through the complex world of cannabis through education-focused, best-in-class retailing while the Hifyre digital retail and analytics platform empowers retailers to optimize their connections with consumers. Its leadership team combines extensive experience in the technology, logistics, cannabis and retail industries. FFHC is a publicly traded company listed on the Toronto Stock Exchange under the symbol 'FAF'.

During the year ended April 30, 2022, the Company completed the sale of its wholly owned subsidiary, Soma Labs Scientific Inc. ("**Soma**"), to CannaWorld Ventures Inc. ("**CannaWorld**"), whereby the Company received 15,000,000 CannaWorld common shares with a fair value of \$300,000. In the event that at any time until CannaWorld lists its common shares for trading on a stock exchange, CannaWorld issues common shares at less than \$0.075 to any person, other than common shares issued pursuant to this agreement, CannaWorld shall issue to the Company additional common shares that equals the difference between \$750,000 divided by the lower per price share, less the number of common shares previously issued to the Company. CannaWorld is an early-stage company engaged in the development of cannabis growing facilities dedicated to providing self-contained Cultivation MicroPods to independent micro-cultivators. CannaWorld is currently building a "CannaPark" in Pitt Meadows in the lower Fraser Valley in British Columbia. The CannaPark is expected to have a central licensed nursery operated by the park and a community of micro-growers, each in their own, self-contained, stand alone, MicroPod. The nursery will house specialist staff to help micro-cultivators, design, successfully grow and harvest unique cultivar, and ensure it remains healthy to harvest. The Pitt Meadows CannaPark is located on 22 acres of prime agricultural land and will feature 60 state of the art MicroPods, and an on-site full-service cannabis nursery.



Corporate Overview

World-Class was incorporated under the laws of British Columbia on December 2, 1965.

- World-Class Extractions Inc. was incorporated under the *Business Corporations Act* (British Columbia) (the “**BCBCA**”), under the name “Luaaron Metals Ltd.” Subsequent to this, there were several name changes before changing to World-Class Extractions Inc.
- At the Annual General and Special Meeting of the Company held June 26, 2020, the shareholders approved an amendment to its Notice of Articles and Articles of the Company by adding Class A, Class B, Class C, Class D and Class E preferred shares, each issuable in one or more series (the “**Preferred Shares**”) to its authorized share structure such that an unlimited number of Preferred Shares without par value and with the special rights or restrictions attached, may be issued. As at the date of the report, no preferred shares have been issued.
- On December 23, 2020, World-Class’s wholly-owned subsidiary, Greenmantle Products Limited (“**GMP**”) was dissolved and discontinued the sale of disposable vaporizer pens.
- During the year ended April 30, 2021, World-Class sold its 50% equity interest in Cobra Ventures Inc. (“**Cobra**”) to the remaining shareholder of Cobra, the sale of which included the receipt of all funds (\$2.5 million) previously advanced by World-Class to Cobra with respect to a debenture purchase of HydRx Farms Ltd. operating as Scientus Pharma (“**HydRx**”). World-Class will have no ongoing role or interest in Cobra or HydRx.
- As a result of COVID-2019, some governments made available wage-subsidy programs for eligible entities that met certain criteria. During the year ended April 30, 2021, the Company, through its subsidiary, Soma, applied for the Canada Emergency Wage Subsidy (“**CEWS**”) and received \$96,923 (April 30, 2020 - \$Nil) from CEWS.
- As a result of COVID-19, the federal government of Canada introduced the Canada Emergency Rent Subsidy (“**CERS**”) to cover part of commercial rent or property expenses. During the year ended April 30, 2021, the Company, through its subsidiary, Soma received \$22,208 (April 30, 2020 - \$Nil) from CERS.
- During the year ended April 30, 2022, Soma and 1323194 BC Ltd. amalgamated.
- On August 30, 2022, the British Columbia Securities Commission (the “**BCSC**”) issued a temporary management cease trade order (the “**MCTO**”) under National Policy 12-203 Management Cease Trade Orders, made at the request of the Company. This MCTO (citation: 2022 BCSECCOM 346) prohibits the chief executive officer and chief financial officer of World-Class from trading in the securities of the Company until such time as the Required Filings (i.e. the audited financial statements for the financial year ended April 30, 2022, the management's discussion and analysis, and the related Chief Executive Officer and Chief Financial Officer certificates) and all continuous disclosure requirements have been filed by the Company, and the MCTO has been lifted. During the period in which the MCTO is effective, the general public, who are not insiders of World-Class, will continue to be able to trade in the Company’s listed securities. The Company’s inability to file the Required Filings before the August 29, 2022 filing deadline (the “Filing Deadline”) is due to a combination of factors including delays in the Company’s year-end audit, which arose from delays in obtaining financial information with respect to the Company’s interest in Pineapple Express Delivery Inc., which was disposed of



during the financial year ended April 30, 2022 to Fire & Flower Holdings Corp. and valuation of such disposition and assets. The Company anticipates that it will be in a position to remedy the default by filing the Required Filings on or before October 31, 2022. The MCTO will be in effect until the Required Filings are completed. The Company intends to satisfy the provisions of the alternative information guidelines set out in section 10 NP 12-203 so long as the Required Filings are outstanding

The Company's common shares trade under the trading symbol "**PUMP**" on the Canadian Securities Exchange, on the Frankfurt Exchange under symbol "**WCF**" and on the OTCQB Venture Market, under the symbol: "**WCEXF**".

Dissolution of GMP

On December 23, 2020, GMP was dissolved, and the sale of disposable vaporizer pen were discontinued. GMP specialized in cannabis product development with expertise in vape hardware design, formulation science, and packaging. GMP had curated a diverse array of ancillary products and service offerings to provide customized strategic solutions for emerging market demands.

Cobra's acquisition of Senior Secured Convertible Debenture

Cobra was incorporated on October 21, 2019. During the year ended April 30, 2021, an arm's length party purchased a 50% equity investment in Cobra for \$1.00 from World-Class. During the year ended April 30, 2021, the Company entered into a share purchase agreement, whereby World-Class sold its remaining 50% equity investment in Cobra and the Cobra demand promissory note to an arm's length party for proceeds of \$2,500,000.

During the year ended April 30, 2021, Cobra borrowed \$5,000,000 in the form of demand promissory notes which, the Company advanced \$2,500,000 to Cobra. Interest is payable on the promissory note issued to World-Class at a rate of 10% per annum, compounded monthly. Proceeds from the promissory notes were used to purchase the senior secured convertible debenture of HydRx. During the year ended April 30, 2021, the Company entered into a share purchase agreement, whereby World-Class sold its remaining 50% equity investment in Cobra and the Cobra demand promissory note to an arm's length party for proceeds of \$2,500,000.

Sale of Interest in PED

On January 21, 2022, the Company completed the sale of its partially owned subsidiary, PED, to FFHC, whereby the Company received \$1,911,984 for settlement of debt owed by PED to WCE and an aggregate of up to 316,995 FFHC Common Shares with a fair value of \$970,344 in exchange for all of the Company's shares in PED. 62,800 FFHC Common Shares were released on closing ("**Initial Release Shares**") and 216,145 FFHC Common Shares were placed in escrow. 16,949 FFHC Common Shares will be released at such time as the effective date net working capital is finalized ("**Working Capital Holdback Shares**") and agreed upon and 199,196 being released upon the trailing nine month revenue is agreed upon ("**Revenue Holdback Shares**"). At January 21, 2022, the fair value of \$970,344 was calculated using the Black Scholes option pricing model assuming no expected dividends, weighted average expected life remaining of 0.79, weighted volatility of 68.21% and risk-free rate of 1.22%.

The Initial Release Shares and the Working Capital Holdback Shares are subject to restrictions on transfer for a period of three months following the effective date and the Revenue Holdback Shares shall be subject to restrictions on transfer for a period of twelve months following the Effective Date.

Within 90 days after January 21, 2022, Hifrye shall provide a calculation of an effective date net working capital statement. The Working Capital Holdback Shares will be released from escrow no earlier than 20 business days after receipt of the effective date net working capital statement and no later than 20 business days after the parties engage an independent accountant to resolve any objections in the effective date net working capital statement.

If the working capital is a positive amount that is greater than the target working capital, all Working Capital Holdback Shares will be released and additional shares will be issued, dollar for dollar, that is equal to the working capital adjustment amount divided by the deemed share price. If the working capital is a negative amount, the aggregate amount shall decrease, dollar for dollar, resulting in a certain number of Working Capital Holdback Shares being cancelled. In the event that the negative working capital adjustment exceeds the Working Capital Holdback Shares, the difference shall be settled by accessing the Revenue Holdback Shares.

Subsequent to the year end, FFHC and the Company agreed on additional shares of 38,050 for excess working capital. As the subsequent event is result of existing condition before the year end, the value of the shares is included in the fair value of \$970,344. Subsequent to the year ended April 30, 2022, 16,949 FFHC Common Shares have been released from escrow leaving 199,196 in escrow pending achievement of certain performance-based milestones in the fiscal 2022. The additional shares of 38,050 for the excess working capital have been issued.

Within 30 days after September 30, 2022, Hifrye shall provide an income statement and trailing nine month revenue statement (“**Revenue Statement**”). The Revenue Holdback Shares will be released from escrow no earlier than 20 business days after receipt of the Revenue Statement and no later than 20 business days after the parties engage an independent accountant to resolve any objections in the Revenue Statement. If the trailing nine month revenue exceeds the earn-out target, the Revenue Holdback Shares will be released. If the trailing nine month revenue is less than the earn out target, the aggregate consideration amount shall be decreased, dollar for dollar, by the amount of such difference and those shares shall be cancelled, with any remaining shares released from escrow.

Prior to the sale of PED, PED sold 25,000,000 common shares of WCE for \$400,000. As a result, the proceeds were recognized in shareholders equity split between the equity holders of the Parent for \$101,279 and non-controlling shareholders for \$298,721. Due to the sale of PED, the Company has classified the revaluation to deficit.



Given evidence of control over PED, PED's financials were consolidated to WCE in accordance with IFRS 10 Consolidated Financial Statements up to the sale of PED. As at January 21, 2022, the date of disposition, the net assets (liabilities) of PED derecognized totaled \$6,698,895, as detailed below:

	\$
Cash	8,385
Accounts receivables	595,656
Other receivables	316,365
Prepays	266,829
Plant and equipment	868,216
Right-of-use-assets	951,852
Intangibles	548,237
Accounts payable and accrued liability	(997,476)
Current portion of lease obligations	(46,460)
Long term portion of lease obligations	(996,625)
Derivative liability	(353,652)
Government grant	(35,448)
Convertible debenture	(2,689,154)
Due to related party	(299,875)
Factoring loan	(70,354)
Loans payable	(155,000)
Net assets (liabilities)	(2,068,504)
Net assets (liabilities) attributable non controlling interest	(1,544,764)
Net assets (liabilities) attributable to equity holder of the parent	(523,740)
Total net assets (liabilities)	(2,068,504)
Goodwill	8,767,399
Total net assets (liabilities) derecognized	6,698,895

As at January 21, 2022, the date of disposition, the non-controlling interest and reserves that were derecognized to deficit totaled \$5,648,188, as detailed below:

	\$
Fair value revaluation reserve	101,279
Non-controlling interest	5,664,169
Total	5,765,448

During the year ended April 30, 2022, the Company recorded a loss on disposal of PED of \$5,361,331 as outlined below:

	April 30, 2022 \$
Net assets disposed attributable to equity holder of the parent	(523,740)
Goodwill disposed	8,767,399
Fair value of FFHC investment received	(970,344)
Cash received, net overpayment	(1,911,984)
Loss on sale of PED	5,361,331



Sale of Interest in Soma

During the year ended April 30, 2022, the Company completed the sale of its wholly owned subsidiary, Soma to CannaWorld, whereby the Company received 15,000,000 CannaWorld common shares with a fair value of \$300,000.

As at April 28, 2022, the date of disposition, the net assets (liabilities) of Soma derecognized totaled \$341,623, as detailed below:

Soma Labs	\$
Cash	143,663
Sales tax receivable	10,970
Prepays	2,296
Plant and equipment	54,527
Accounts payable and accrued liability	(167,967)
Liabilities of discontinued operations	(7,201)
Customer deposits	(341,211)
Government grant	(36,700)
Total net assets (liabilities) derecognized	(341,623)

During the year ended April 30, 2022, the Company recorded a gain on disposal of Soma Labs of \$641,623 as outlined below:

	April 30, 2022
	\$
Net assets disposed attributable to equity holder of the parent	(341,623)
Fair value of CannaWorld investment received	(300,000)
Gain on sale of Soma Labs	(641,623)

Directors, Officers and Management of the Company

As at the date of this report, the directors, officers, and Management of the Company are as follows:

- Anthony Durkacz, Director and Chair of the Board of Directors
- Chand Jagpal, Director
- Michael Galloro, Director
- Rosy Mondin, Chief Executive Officer (CEO) and Director
- Zara Kanji, Chief Financial Officer (CFO)
- Shimmy Posen, Corporate Secretary

As at the date of this report Leo Chamberland has resigned as President of the Company.

Registered and Records Office | Head Office

The Registered and Records Office of the Company is located at: 2200 - 885 W Georgia St. Vancouver, BC, V6C 3E8. Telephone: 1 (604) 691-6100.

The Head Office is located at: Suite 308 – 9080 University Crescent, Burnaby, BC, V5A 0B7.

Email: info@worldclassextractions.com | Website: <https://worldclassextractions.com>.

4. HIGHLIGHTS

Technical

Since the Company's acquisition of a controlling interest in PED and up to FFHC acquiring PED on January 21, 2022, PED achieved the following milestones:

- Expanded its CannDeliv software delivery solution technology footprint with a collaboration with Clearleaf Inc. (operating as "Buddi") to facilitate online sales and cannabis delivery services for licensed cannabis retailers.
- Launched its propriety CannDeliv technology in BC, through a licensing agreement with City Cannabis, a licensed cannabis retailer.
- Reached a key milestone, completing 1-Million deliveries.
- Partnered with CannTrust Inc. to provide deliveries for estora™ medical cannabis products to CannTrust patients in Ontario, under the name "Trust Delivery – Powered by Pineapple Express". PED's delivery service allows estora™ patients to take advantage of same-day deliveries in the Greater Toronto Area (GTA), and next-day deliveries across southern Ontario, including Ottawa, Kingston, Barrie, London, and Windsor.
- Provided software and support services to an arm's length party pursuant to a previously entered license agreement.
- Expanded its delivery services to provide same-day and next-day delivery of wine, spirits, and beer products from Saskatoon Co-op's Wine-Spirits-Beer retail stores in Saskatoon, Warman and Martensville and continued to offer premium delivery services for recreational and medical cannabis products.
- Offered same day cannabis delivery service and 3-day service within the province of Ontario, and expanded its services into the Ontario cities of Ottawa, Barrie, London and into the Windsor/Chatham region.
- Launched and commenced operations of PED cannabis depots (hubs) in Ottawa, Kingston, London and in the Windsor/Chatham region.
- Partnered with Medical Cannabis by Shoppers™ to offer same-day delivery to their medical cannabis patients in cities in and around the Greater Toronto Area (GTA). Medical Cannabis by Shoppers™ is Shoppers Drug Mart's online platform for the sale of medical cannabis.
- Partnered with Spectrum Therapeutics, the medical division of Canopy Growth Corporation to bring same-day delivery to medical cannabis patients in the GTA, from Hamilton to Scarborough. This builds on PED's existing services contract with Canopy Growth which offers same-day delivery services for Tweed and Tokyo Smoke retail stores in Manitoba and Saskatchewan.



- Entered into several contracts with Health Canada License Holders for delivery within select provinces in Canada.
- Applied to Health Canada to obtain a ‘Sale for Medical Purposes’ license for its facility located in the GTA.
- Expanded its services into British Columbia by entering into a licensing agreement with City Cannabis Corp. to facilitate its B2C sales.

5. OVERALL PERFORMANCE

Selected Annual Information

	Year ended		
	April 30, 2022	April 30, 2021	April 30, 2020
	\$	\$	\$
Total assets	3,743,735	15,646,030	20,211,055
Total liabilities	252,462	5,905,495	6,414,283
Equity attributable to holders of the parent	3,491,273	4,556,411	8,359,773
Non-controlling interest	Nil	5,184,124	5,436,999
Cash and cash equivalents	2,534,189	2,377,635	5,632,160
Sales	Nil	Nil	1,108,292
Gross Profit	Nil	Nil	523,329
Operating expenses	1,309,643	2,793,675	47,886,191
Net loss and comprehensive loss for the year	8,219,850	4,486,318	(48,563,523)
Basic and diluted loss per share	(0.01)	(0.00)	(0.08)
Current ratio	12.50	0.92	1.55
Debt ratio	0.07	0.38	0.32

Financial Position

As at April 30, 2022, the Company had cash of \$2,534,189 (April 30, 2021 - \$2,377,635) to settle current liabilities of \$215,749 (April 30, 2021 - \$5,027,537). Total assets stood at \$3,743,735, a decrease of \$11,902,295 from April 30, 2021 assets of \$15,646,030.

Significant changes were noted on the following balance sheet items:

- *Cash.* \$2,534,189 (April 30, 2021 – \$2,377,635). Cash increased due to the receipt of funds from repayment of PED debt pursuant to the sale of PED. This was partly offset by payments relating to operating expenses funded for the year.
- *Accounts receivable.* \$Nil (April 30, 2021 – \$1,760,325). Accounts receivable decreased due derecognizing of accounts receivable relating to the sale of PED and Soma Labs.
- *Sales tax receivable.* \$7,717 (April 30, 2021 – \$15,349). This account increased due to timing of collection of refunds and the derecognizing of sales tax receivable relating to the sale of Soma Labs.
- *Inventories.* \$Nil (April 30, 2021 – \$100,000). Inventories decreased during the year due to the derecognizing of inventories relating to the sale of Soma Labs. Soma Labs sold the previously



purchased equipment that was ready for resale relating to the newly purchased equipment that was ready for resale as at April 30, 2021.

- *Loans receivable.* \$408,715 (April 30, 2021 - \$Nil). During the year ended April 30, 2022, a promissory note, as amended was issued to the Company for the principal sum of \$400,000 due on or before October 14, 2023 (“**Maturity Date**”). Interest is payable on the promissory note at a rate of 4% per annum, payable on the Maturity Date. As at April 30, 2022, the Company loaned \$400,000 and recorded accrued interest of \$8,715.
- *Prepaid expenses and deposits.* \$1,150 (April 30, 2021 - \$362,036). Prepaid expenses and deposits decreased during the year due to the derecognizing of prepaid expenses and deposits relating to the sale of PED and Soma Labs, and the Company impairing \$10,000 of other prepayments to and \$134,934 of equipment deposits to profit and loss.
- *Leases.* Right-of-use asset amounted to \$Nil (April 30, 2021 – \$613,346) and Lease liability totaled \$Nil (April 30, 2021 - \$974,046). The change from year-end pertains to the Company derecognizing of right-of-use asset and lease liability relating to the sale of PED and Soma labs termination and release agreement effective October 31, 2021.
- *Accounts payable and accrued liabilities.* \$213,936 (April 30, 2021 – \$1,014,802). The decrease from year end pertains to the payment of trade payables, non-interest bearing which are settled on 30-to-60-day payment terms, the derecognizing of accounts payable and accrued liabilities due to the sale of PED and Soma Labs, and recording an overpayment of the PED promissory note in connection with the sale of PED.
- *Convertible debt and derivative liability.* \$Nil (April 30, 2021 – \$2,255,249) and \$Nil (April 30, 2021 - \$633,950). The decrease from year end pertains to the derecognizing of convertible debt and derivative liability due to the sale of PED
- *Government Grant.* \$36,713 (April 30, 2021 – \$95,618). The CEBA loans have no maturity and has a feature, that if repaid by December 31, 2022, then 25% of the loan will be forgiven. The three CEBA loans were valued using the market interest rate at the date of the receipt of the loan following IAS 21, Accounting for Government Grants. This amount is being accreted to the CEBA loan liability over the life of the loan. The decrease is due to the derecognizing of government grant due to the sale of PED and Soma Labs.
- *Due to related parties.* \$136 (April 30, 2021 – \$437,991). The decrease from year end pertains to the derecognizing of due to related parties due to the sale of PED and Soma Labs, and payments of the amounts owed to the CEO, CFO and former President of WCE.
- *Equity attributable to holders of the parent.* \$3,491,273 (April 30, 2021 – \$4,556,411). The decrease during the year ended April 30, 2022 pertain to the net loss for the year.
- *Non-controlling interest.* \$Nil (April 30, 2021 – \$5,184,124). Non-controlling interest is a result of the Nil% (April 30, 2021 – 25.32%) ownership in PED. The decrease resulted in the reclass of non-controlling interest to deficit due to the sale of PED.



Cash Flows

For the years ended April 30, 2022 and 2021, the Company has the following cash flow activities:

Cash Flow Activities	Year Ended	
	April 30, 2022 \$	April 30, 2021 \$
Operating – continued operations	(2,694,093)	(3,634,426)
Operating – discontinued operations	1,618,288	1,215,504
Investing – continued operations	1,359,936	213
Investing – discontinued operations	26,983	(547,912)
Financing – continued operations	(39,813)	(24,057)
Financing – discontinued operations	(114,746)	(263,847)
Change in cash during the year	156,554	(3,254,525)

Operating Activities

Operating activities generated a net cash outflow of \$2,694,093 (2021 - \$3,634,426). The decreased use of cash is primarily attributable the derecognizing of PED and Soma Labs net assets due to the sale of PED during the year ended April 30, 2022 which is offset with management controlling costs, a significant layoff of the majority of WCE's operational team.

Investing Activities

Investing activities pertain to the issuance of a promissory note receivable and the receipt of payment of PED debt pursuant to the sale of PED during the year ended April 30, 2022.

Financing Activities

The cash outflows from financing activities for the year ended April 30, 2022 was \$39,813 (2021- \$24,057) pertaining to lease liability payments.

Result of Operations

The net loss and comprehensive loss for the year ended April 30, 2022 was \$8,219,850 (April 30, 2021 - \$4,486,318) with \$6,856,409 net loss and comprehensive loss attributable to equity holders of the parent and \$1,363,441 net loss attributable to non-controlling interest (year ended April 30, 2021 – \$4,241,047 net loss and comprehensive loss attributable to equity holders of the parent and \$245,271 net income attributable to non-controlling interest). The increase in net loss and comprehensive loss was driven by the following:

- *Impairment loss.* During the year ended April 30, 2022, the Company had \$231,873 (2021 - \$508,070) in impairment loss. The current year impairment loss relates to the Company determining that the equipment, computer software and equipment, and leasehold improvements and office furniture and other prepayments are unable to generate economic benefit. The previous year impairment loss related to the Company determining loan receivable and prepaid deposit are unable to generate economic benefit.



➤ *Selling expenses.*

	Year ended	
	April 30, 2022	April 30, 2021
	\$	\$
Investor relations	-	5,770
Marketing and research	-	10,167
Travel and marketing	-	206
	-	16,443

Selling expenses lowered mainly due to the hampering of business operations and consequent marketing efforts caused by the COVID-19 pandemic. Investor relations decreased over last year as the Company halted some of its promotional activities during the year. Marketing and research include the promotion of the company's technologies and specialties to interested parties and other stakeholders who could benefit from the Company's extractions systems. Travel and marketing related to business development.

➤ *General and administrative expenses.* \$1,058,710 (2021 – \$2,217,748). Significant movement is caused by the following.

	Years ended	
	April 30, 2022	April 30, 2021
	\$	\$
Consulting fees	93,385	146,632
Filing fees	74,786	89,544
Lease interest	976	3,834
Office expenses	66,259	132,373
Management fees	135,000	222,000
Professional fees	163,669	337,655
Remuneration and benefits	454,718	755,793
Rent	44,095	92,232
Share-based payments	25,823	437,685
	1,058,711	2,217,748

- *Consulting Fees.* Are related to payments to consultants for various services pertaining to business development and development of processes and equipment for the Company as well as some fees to related parties. Consulting fees decreased over the same period last year due to the termination/expiration of several consulting agreements.
- *Lease interest.* This relates to the interest expenses recognized in the amortization of the lease obligations. Lease interest expenses decreased in the current year due to the Company's lease ending and not being renewed.
- *Filing fees.* Relate to compliance and regulatory filings. The decrease is due to a decrease in corporate activity.
- *Office expenses.* Relate to general expenses incurred in the office from operations and regulatory compliance.



- *Management fees.* Relate to the former President and CFO fees. The decrease relates to a decrease in the CFO fees and the resignation of the President.
 - *Professional Fees.* Mainly relate to legal related to patent applications and general corporate legal, audit fees and accounting fees. The decrease primarily relates to the decrease in audit fees associated with the change of auditors.
 - *Rent.* These are payments to lessors whose lease agreement details did not meet the threshold required for IFRS 16 leases application (i.e. all short-term and low value lease agreements).
 - *Remuneration and Benefits.* Are for wages paid to employees of the Company who are responsible for management, compliance, and operations. The amount also includes the salaries paid to related parties. The expense decreased due to a majority of WCE employees being terminated as of the date of this MD&A.
 - *Share-based Payments.* These payments were recorded for the value of stock options vested during the year.
- *Other income (expense).* This item mostly relates to the following:

	Years ended	
	April 30, 2022	April 30, 2021
	\$	\$
Interest expense and bank charges	(5,269)	181,235
Interest income	9,279	20,764
Loss on sale of PED	(5,361,331)	-
Gain on sale of SOMA	641,623	
Government grant	-	13,120
Reversal of impairment on deposit	-	205,277
Unrealized loss on FVTPL	(578,380)	-
Write-off of accounts payable	-	53,553
Foreign exchange gain (loss)	-	(74,790)
Others	-	532
	(5,294,078)	399,691

- *Interest expense and bank charges.* These are primarily attributable to the interest amortization of the government grant and previous year primarily relates to interest earned on the Cobra promissory note issued during the year ended April 30, 2021.
- *Interest income.* Mostly relates to interest income from cash balance and the accrued interest relating to the promissory note entered into during the year ended April 30, 2022 and interest income from loans receivable during the year ended April 30, 2021.
- *Foreign exchange loss.* This primarily relates to the loan receivables denominated in US dollars and relates to the fluctuation in US and Canadian currencies. The loan receivable was charged to impairment loss for the year ended April 30, 2021 due to significant uncertainty on the collectability of the loan.
- *Loss on sale of PED and Soma Labs.* During the year ended April 30, 2022, the Company completed the sale of its partially owned subsidiary, PED, to FFHC resulting in a loss on



disposal of PED of \$5,361,331 and the sale of its wholly-owned subsidiary, Soma Lab, to CannaWorld resulting in a gain on disposal of Soma Labs of \$641,623 for a gain on disposal.

- *Government grant.* Relates to the Canada Emergency Business Account (“**CEBA**”) loan offered by the federal government of Canada due to the COVID-19 pandemic. CEBA loan has been measured at below market rate and measured as the difference between the initial carrying value of the loan (being the present value of a similar loan at market rates) and the proceeds received. The difference between the initial carrying value and the proceeds received is \$13,120 and has been offset to other income.
- *Reversal of impairment on deposit.* This relates to equipment deposits for future extraction equipment purchases during the year ended April 30, 2021.
- *Others.* This relates to the selling of expensed equipment during the year ended April 30, 2021.



- *Income (loss) from Discontinued operations.* During the year ended April 30, 2022, the Company completed the sale of its partially owned subsidiary, PED, to FFHC and the sale of its wholly-owned subsidiary, Soma Labs, to CannaWorld. A discontinued operation is a component of the Company that either has been abandoned, disposed of, or is classified as held for sale, and: (i) represents a separate major line of business or geographical area of operation; (ii) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation; or (iii) is a subsidiary acquired exclusively with a view to resell. The results of the discontinued operation relating to the disposition of PED and Soma Labs, which are presented as one net amount on the consolidated statements of loss and comprehensive loss are summarized below:

	PED Period from May 1, 2021 to January 21, 2022 \$	Soma Labs Period from May 1, 2021 to April 29, 2022 \$	Total Year ended April 30, 2022 \$
Sales	7,074,315	100,000	7,174,315
Cost of sales	(5,641,119)	(100,000)	(5,741,119)
Gross profit	1,433,196	-	1,433,196
Bad debt expenses	-	48,989	48,989
Consulting	-	5,527	5,527
Depreciation	278,751	12,538	291,289
Administrative expenses	1,034,719	10,569	1,045,288
Lease interest	60,955	3,172	64,127
Professional fees	230,820	-	230,820
Transaction costs	144,119	-	144,119
Rent	187,173	67,363	254,536
Remunerations and benefits	1,082,635	13,030	1,095,665
Total operating expense	3,019,172	161,188	3,180,360
Income (loss) before other expenses	(1,585,976)	(161,188)	(1,747,164)
Other income (expenses)			
Interest and bank charges	(602,309)	(5,966)	(608,275)
Gain on lease liability	-	211,105	211,105
Gain on asset disposal	-	165,624	165,624
Unrealized gain on conversion feature	362,581	-	362,581
Total other income (expenses)	(239,728)	370,763	131,035
Income (loss) from discontinued operations	(1,825,704)	209,575	(1,616,129)
Allocation of income (loss) from discontinued operations:			
Equity holder of the parent	(462,263)	209,575	(252,688)
Non-controlling interest	(1,363,441)	-	(1,363,441)
Income (loss) from discontinued operations	(1,825,704)	209,575	(1,616,129)



	PED Year Ended April 30, 2021 \$	Soma Labs Year ended April 30, 2021 \$	Total Year Ended April 30, 2021 \$
Sales	9,642,757	-	9,642,757
Cost of sales	(6,818,968)	-	(6,818,968)
Gross profit	2,823,789	-	2,823,789
Selling	-	4,384	4,384
Consulting	-	2,220	2,220
Depreciation	383,713	208,776	592,489
Administrative expenses	961,471	83,072	1,044,543
Impairment loss	-	1,089,368	1,089,368
Lease interest	93,567	48,940	142,507
Professional fees	85,044	2,628	87,672
Research and development	-	222,631	222,631
Rent	159,408	75,338	234,746
Remunerations and benefits	1,230,949	314,861	1,545,810
Shop expense	-	2,342	2,342
Total operating expense	2,914,152	2,054,560	4,968,712
Income (loss) before other expenses	(90,363)	-2,054,560	(2,144,923)
Other income (expenses)			
Acquisition fees	(67,500)	-	(67,500)
Interest and bank charges	(689,493)	(7,829)	(697,408)
Government grant	-	13,121	13,207
CEWS	-	96,923	96,923
CERS	-	22,208	22,208
Customer deposit write-down	-	135,238	135,238
Unrealized gain on conversion feature	504,979	-	504,979
Other income	12,785	32,157	51,277
Total other income (expenses)	(239,229)	291,818	52,589
Income (loss) from discontinued operations	(329,592)	(1,762,742)	(2,092,334)
Allocation of income (loss) from discontinued operations:			
Equity holder of the parent	(84,321)	(1,762,742)	(1,847,063)
Non-controlling interest	(245,271)	-	(245,271)
Income (loss) from discontinued operations	(329,592)	(1,762,742)	(2,092,334)



6. OPERATIONS REVIEW

During the year ended April 30, 2022, Management focused on:

- *Pandemic.* Due to COVID-19, Management is closely monitoring the global and Canadian situation and is actively taking steps to mitigate the impact and spread of COVID-19.
- *Business Practices.* Continues to implement internal audit, corporate governance and business conduct/ethics policies to guide corporate and financial practices in a transparent manner.
- *Deal-flow.* Negative market conditions in the Cannabis sector, exasperated by the impact of COVID-19, have caused delays, deferments, and cancellations in the establishment of such extraction and processing facilities.
- *Sale of PED.* FFHC through its subsidiary Hifyre acquired 100% of the issued and outstanding shares of PED.
- *Sale of Soma Labs.* CannaWorld acquired 100% of the issued and outstanding shares of Soma Labs.

General Description of the Business

World-Class is an innovation-driven company. On April 29, 2022, the shareholders of WCE approved a special resolution to change WCE's business. WCE is determined to refocus its business operations from a cannabis and hemp company to an investment company. WCE's primary focus will be to seek returns through investments in equity, debt or other securities of publicly traded or private companies or other entities in the cannabis and cannabis related sectors with exceptional management and high growth potential, providing financing in exchange for financial appreciation and investment income. WCE will be looking to focus its investment objectives in high growth companies and technologies, private companies that intend to go public, and companies requiring capital markets expertise and leadership.

Prior to the disposition of Soma, World-Class developed equipment and technologies and custom technology and processes to produce cannabis and hemp concentrates and oils and end-products. World-Class continued to investigate opportunities to monetize its technology, including the extraction and processing systems, technology, and processes, manufactured and created by its subsidiary, Soma. Soma's technology and processes include:

- Biomass Preparation, Extraction and Storage: Systems create crude cannabis or hemp oil by removing active ingredients from biomass
- Processing: Refining crude to create refined concentrate (raw oil), the base ingredient for value added products
- Formulation; Clean, consistent products utilizing cannabinoid compounds and terpenes
- Production: Cannabis and hemp oil-based Consumer Products
- Creation of new extraction processes and continued refinement of current extraction methodologies



World-Class Technologies - Processing Equipment Development

Prior to the disposition, the Company's subsidiary, Soma, focused on production, quality and compliance of systems, technologies, processes and procedures for cannabis and hemp extraction and processing ("**World-Class Technologies**"), which includes the BOSS CO2 Extraction System.

Prior to the disposition, the Company continued to focus on monetizing its Soma assets, including the commercialization of the BOSS CO2 Extraction System:

- Prepared, submitted, and received Canadian Registration of the BOSS design in key Canadian markets: British Columbia, Alberta and Ontario. Such registrations prove that the Company's extraction equipment meets legal safety requirements and facilitates successful inspection and permitting of the installation sites of the Company's strategic partners.
- The Company has designed and verified system updates to further improve BOSS operations, including: in-house development of CO2 pump seals with significant lifetime improvement; design, development, and verification of Clean-In-Place (CIP) system (unique in cannabis CO2 extraction systems on-the-market); collaboration with CIP fluid company to test cannabis specific cleaning fluids; remote BOSS system data monitoring for near real-time assessment of runtime; data by Soma experts; data warehousing to track system performance over time; highlight operations improvements through training based on observed process performance.

Skill and Knowledge

Patents

The Company has previously filed patent applications directed to its proprietary systems and methods for producing cannabis and hemp extracts. Such systems and methods are believed to be novel and non-obvious.

The Company has succeeded in its efforts to patent its technology, and as such, the Company will likely have, subject to customary risks associated with intellectual properties, including those discussed elsewhere in this report, the ability to prevent competitors from making, using, selling and/or offering for sale the systems and methods as claimed by the Company's patent applications. Such IP assets, if obtained, are anticipated to play an important role to the Company's success and provide the Company with a significant competitive advantage in the marketplace.

On June 29, 2021 the U.S. Patent and Trademark Office ("**USPTO**") issued U.S. Patent No. 11,046,664 in relation to the Company's methods for extracting and concentrating cannabinoids and other target compounds from cannabis using ultrasound-enhanced solvent extraction. Provisions of the patent covers several broad steps throughout the extraction process ranging from: compound removal, purification, cannabinoid isolation, filtration, separation, solvent recovery, compound mixtures and more. This Patent No. 11,046,664 represents a divisional application of U.S. patent application Ser. No. 16/265,768, filed Feb. 1, 2019 (pending), which relates to and claims the benefit of U.S. Provisional Application No. 62/627,616 filed Feb. 7, 2018 and entitled "Methods for Extracting Compositions from Plants," the entire disclosure of each of which are wholly incorporated by reference to U.S Patent 11,046,664.

On March 16, 2021 USPTO issued U.S. Patent No. 10,946,306 in relation to the Company's methods for the systematic extraction and concentration of cannabinoids and other target compounds via solvent



extraction from large scale harvests of cannabis and hemp crops. During the year ended April 30, 2022, this patent was sold to CannaWorld pursuant to the sale of Soma to CannaWorld.

7. SUMMARY OF QUARTERLY RESULTS

During the period ended April 30, 2022, the Company sold its interest in Soma Labs as a result Soma Labs operations were reclassified and included in loss from discontinued operations for all periods.

Quarters Ended	Revenue (\$)	Net Loss (Income) and Comprehensive Loss (Income) (\$)	Loss per Share (\$)
April 30, 2022	-	523,634	0.00
January 31, 2022	-	6,322,000	0.01
October 31, 2021	-	1,112,058	0.00
July 31, 2021	-	262,158	0.00
April 30, 2021	-	1,959,715	0.00
January 31, 2021	-	626,878	0.00
October 31, 2020	-	877,189	0.00
July 31, 2020	-	1,022,536	0.00

Significant expenses during the quarter ended July 31, 2020 include office expenses of \$169,889, professional fees of \$113,503, remuneration and benefits of \$632,315, research and development of \$332,999 and share-based payments of \$257,059. Professional fees decreased from last quarter due to the audit fees booked in the last quarter of prior year. Share-based payment was lower due to lower number of options vested for the period aggravated by the forfeitures and cancellations during the quarter. The total net loss also decreased mainly due to the absence of the impairment losses and write-downs recorded during the last quarter.

Significant expenses during the quarter ended October 31, 2020 include office expenses of \$235,882, professional fees of \$248,844, remuneration and benefits of \$685,552 and share-based payments of \$168,761. Share-based payments were lower mostly due to lower value of options vested for the period. Professional fees increased during the quarter due to additional audit fees accrued. Overall net loss was a bit lower due to the recognition of other income from the government grants and the customer deposit write-down booked during the quarter.

Significant expenses during the quarter ended January 31, 2021 include office expenses of \$140,684, professional fees of \$166,328, remuneration and benefits of \$544,140. The Company received \$96,923 from CEWS and \$22,208 from CERS totaling \$119,131. Overall net loss was a bit lower due to the recognition of other income from the government grants, share-based payments being lower due to the options being fully vested during the quarter and the customer deposit write-down booked during the quarter.



Significant expenses during the quarter ended April 30, 2021 include office expenses of \$501,131, professional fees of \$(103,348), remuneration and benefits of \$439,596. Overall net loss was a higher due to the impairment of loans receivable of \$341,463, inventory written down to its carry value resulting in a loss of \$489,225, impairment of property and equipment of \$360,898, right-of-use asset of \$239,244 and prepaid deposit of \$166,607. The Company recorded \$66,204 in bad debt that relates to accounts receivable that is older than 90 days. These expenses were slightly offset from the reversal of year end audit accrual of \$152,000 to put the accrual in line with the Company's year end auditor quote.

Significant expenses during the quarter ended July 31, 2021 include office expenses of \$317,937, management fees of \$52,500, professional fees of \$77,983, remuneration and benefits of \$476,399, and share-based payments of \$17,544, which was offset with a gross profit of \$586,174. Office expenses increased due to an increase in insurance premiums, compliance expenses and an increase in PED operations. Remuneration and Benefits decreased due all of Soma's employees and a majority of WCE employees being terminated as of the date of this MD&A. Professional fees decreased from last quarter due to the decrease in audit fees associated with the change of auditors. Share-based payment was lower due to lower number of options vested for the period aggravated by the forfeitures and cancellations during the quarter. The total net loss also decreased mainly due to the absence of the impairment losses and write-downs recorded during the last quarter.

Significant expenses during the quarter ended October 31, 2021 include office expenses of \$348,761, management fees of \$52,500, professional fees of \$124,146, remuneration and benefits of \$497,434, loss on derecognizing accounts receivable of \$83,001, impairment loss of \$147,279, rent expense of \$48,542 and share-based payments of \$5,313, which was offset with a gross profit of \$330,250. Office expenses increased due to an increase in insurance premiums, compliance expenses and an increase in PED operations. Remuneration and Benefits decreased due all of Soma's employees and a majority of WCE employees being terminated as of the date of this MD&A. Professional fees decreased from last quarter due to the decrease in audit fees associated with the change of auditors. Share-based payment was lower due to lower number of options vested for the period aggravated by the forfeitures and cancellations during the quarter. Loss on derecognizing accounts receivable increased due to PED entering into a factoring agreement during the current period.

Significant expenses during the quarter ended January 31, 2022, include loss on sale of PED of \$5,361,331, consulting fees of \$42,388, management fees of \$15,000, professional fees of \$23,384, remuneration and benefits of \$91,459, impairment loss of \$10,001, and share-based payments of \$2,966. Remuneration and benefits decreased due all of Soma's employees and a majority of WCE employees being terminated as of the date of this MD&A. Professional fees decreased from last quarter due to the decrease in audit fees associated with the change of auditors. Share-based payment was lower due to lower number of options vested for the period aggravated by the forfeitures and cancellations during the quarter.

Significant expenses during the quarter ended April 30, 2022, include gain on sale of Soma Labs of \$641,623, consulting fees of \$50,997, management fees of \$15,000, professional fees of \$78,979, remuneration and benefits of \$124,144, impairment loss of \$97,726. Remuneration and benefits decreased due to a majority of WCE employees being terminated as of the date of this MD&A. Professional fees increased from last quarter due the sale of PED and Soma Labs.



8. LIQUIDITY AND CAPITAL RESOURCES

The Company considers the capital that it manages to include share capital, reserves, and deficit, which at April 30, 2022 is \$3,491,273 (April 30, 2021 - \$4,556,411). The Company manages and makes adjustments to its capital structure based on the funds needed in order to support operations, business development and the commercialization of extraction technology. Management does this in light of changes in economic conditions and the risk characteristics of the underlying assets.

As at April 30, 2022, the Company had not yet achieved profitable operations and had an accumulated deficit since inception of \$60,385,396 (April 30, 2021 – \$60,574,718). During the year ended April 30, 2022, the Company had a net loss and comprehensive loss of \$8,219,850 (2021 – \$4,486,318) and spent \$2,694,093 of cash on operating activities (2021 – \$3,634,426), received \$1,359,936 from investing activities (2021 – \$213) and spent \$39,813 on financing activities (2021 – \$24,057). The Company expects to incur further losses in the development and operation of its businesses. The Company's ability to continue as a going concern is dependent upon its ability to monetize on its extraction equipment's and secure partnerships or acquisitions to deploy its extraction systems. All this will require necessary financing to develop and/or acquire business projects and to meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. To date, the Company has relied on equity and debt financing to fund its acquisitions. The Company is evaluating its objectives given current conditions in the Cannabis sector. The remaining funds will be used to sustain operations and sustain current acquisitions. Additional funding will be required and could come in the form of equity, debt and or convertible debt; however, there is no assurance that such additional funding will be available when and as needed. The Company's access to sufficient capital will impact its ability to continue operations and fund acquisitions. For further information, see section "**Financial Management Risk**" below.

Funding Outlook

As at April 30, 2022, the Company may not be able to conduct its operations and meet its financial obligations. Depending on the strategies followed, revenue and technology opportunities, and any future expansion going forward, additional financing will be required. Management is considering different sources of potential funding, including further equity issuances, the issuance of debt, the sale of assets and the exercise of warrants and stock options.

9. FINANCIAL MANAGEMENT RISK

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate and foreign exchange rate risk). Risk management is carried out by Management with guidance from the Audit Committee under policies approved by the Board. The Board also provides regular guidance for overall risk management. There have been no significant changes in the risks, objectives, policies and procedures during the Reporting Period.



Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The risk for cash and cash equivalents is mitigated by holding these instruments with highly rated Canadian financial institutions. Accounts receivable primarily consist of trade accounts receivable and other receivables. The Company provides credit to certain customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk. The Company's credit risk exposure lies on its ability to collect from its business partners for advances made for new business deals. The Company's ECL on its trade receivables as at April 30, 2022 is \$nominal (April 30, 2021— \$66,204).

Liquidity Risk

Liquidity risk is the risk that the Company may not be able to meet its contractual obligations and financial liabilities as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at April 30, 2022, the Company had a cash balance of \$2,534,189 (April 30, 2021 - \$2,377,635) to settle current liabilities of \$215,749 (April 30, 2021 - \$5,027,537). The Company's future financial success will be dependent upon the ability to monetize its technologies or obtain necessary financing to meet its contractual obligations. All of the Company's current financial liabilities have contractual maturities of less than a year and are subject to normal trade terms.

	April 30, 2022	April 30, 2021
Current liabilities	\$	\$
Accounts payable and accrued liabilities	213,936	1,014,802
Customer deposits	-	341,211
Due to related parties	136	437,991
Current portion of lease obligations	-	191,706
Convertible debt	-	2,255,249
Derivative liability	-	633,950
Loans payable	-	143,750
Liabilities of discontinued operations	1,677	8,878
Total current liabilities	215,749	5,027,537

The tables summarize the maturity profile of the Company's financial liabilities used for liquidity management and liabilities as at April 30, 2022 and April 30, 2021 based on contractual undiscounted receipts and payments.

April 30, 2022	<1 year	1-5 years	>5years
Financial liabilities at amortized cost			
Accounts payable and accrued liabilities	\$ 213,936	\$ -	\$ -
Due to related parties	136	-	-
Loans payable - current	-	-	-
Government grant	-	36,713	-
Convertible debt	-	-	-
Liabilities of discontinued operations	1,677		
Total financial liabilities at amortized cost	\$ 215,749	\$ 36,713	\$ -
Financial liabilities at fair value			
Derivative liability	\$ -	\$ -	\$ -



Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The interest rate risk on bank deposits is insignificant as the deposits are short term. The Company is not exposed to interest rate risk in respect of any loans payable and receivable which are subject to a fixed rate of interest.

(b) Foreign currency risk

The functional currency of the Company is Canadian dollar. The Company does not hedge its exposure to currency fluctuations. However, Management believes that the Company is subject to minimal foreign exchange risk as most transactions incurred are in CAD.

(c) Price risk

The Company's investments are subject to fair value fluctuations. As at April 30, 2022, if the fair value of the Company's investment had decreased/increased by 10% with all other variables held constant, other comprehensive profit or loss for the year ended April 30, 2022 would have been approximately \$154,413 higher/lower.

Business Risks

Laws and Regulations are Subject to Change

The constant evolution of laws and regulations affecting the cannabis industry could detrimentally affect the operations of the Company's investment companies. Canadian federal, provincial and municipal cannabis laws and regulations, along with Canadian securities laws, are broad in scope and subject to changing interpretations. These changes may require the Company's investment companies to incur substantial costs associated with legal and compliance fees and ultimately require them to alter their business plans. Furthermore, violations of these laws, or alleged violations, could disrupt its business and result in a material adverse effect on operations. The Company cannot predict the nature of any future laws, regulations, interpretations or applications, and it is possible that regulations may be enacted that will be directly applicable to the business of its investment companies.

Financial Instrument measurement and valuation.

Financial instruments measured at fair value are classified into one of 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 the fair value hierarchy are:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.



- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The measurement of the Company’s financial instruments is disclosed in [Note 27 to the Financial Statements](#). Any financial instrument that is valued using level 2 or 3 inputs will involve estimation uncertainty.

10. ACCOUNTING POLICIES

For a detailed summary of the Company’s significant accounting policies, the readers are directed to [Note 3 to the Financial Statements](#) for the year ended April 30, 2022.

Recent accounting pronouncements

Certain pronouncements were issued by the International Accounting Standards Board (“IASB”) or the International Financial Reporting Interpretation Committee (“IFRIC”) that are not yet effective. Many are not applicable or do not have a significant impact to the Company and have been excluded.

11. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

As at April 30, 2022, amounts due to related parties totaled \$136 (April 30, 2021 - \$437,991) of which \$136 (April 30, 2021 - \$45,906) are unsecured, payable on demand, and without interest.

	April 30, 2022, 2022 \$	April 30, 2021 \$
CEO of WCE	136	11,601
Former President of WCE	-	14,082
CFO of WCE	-	5,250
CEO of PED	-	250,091
CFO of PED	-	14,973
Director*	-	141,994
Total	136	437,991

* Payable to a Company where Michael Galloro, Director is a principal. Amounts due to a company controlled by a Director include \$Nil (\$141,994 – April 30, 2021) of convertible debt and derivative liabilities.

Included in the due to the CEO of PED above is a promissory note entered into by the Company’s subsidiary, PED, with a carrying value as at April 30, 2022 of \$Nil (April 30, 2021 - \$250,091). The details of the loan are as follows:

	Interest	Commencement	Maturity	Principal owing as at April 30, 2022 \$	Principal owing as at April 30, 2021 \$
Promissory Note	12%	March 30, 2020	March 31, 2022	-	240,945



Pursuant to the disposal of subsidiary, the due to related party in connection with PED has been derecognized during the year ended April 30, 2022.

During the years ended April 30, 2022 and April 30, 2021, the Company entered into the following transactions with related parties:

	April 30, 2022	April 30, 2021
	\$	\$
Management fees	135,000	222,000
Consulting fees	-	5,000
Accounting fees	2,396	35,640
Finders' fee	-	67,500
Legal fees	-	3,700
Remuneration and benefits	153,042	222,942
Remuneration and benefits from discontinued operations	444,190	726,150
Research and development	-	4,373
Other income	-	79,001
Share-based payments	25,823	377,758
	760,451	1,744,064

- Management fees reported as part of general and administrative expenses consist of \$75,000 (2021 - \$150,500) paid to a company of which Leo Chamberland, former President of the Company has significant interest and \$60,000 (2021 - \$72,000) was paid to a company controlled by Zara Kanji CFO.
- Consulting fees included as part of general and administrative expenses consist of \$Nil (2021: \$5,000 to a company of which Leo Chamberland, former President of the Company has significant interest).
- Accounting fees presented as part of professional fees consist of \$2,396 to a company controlled by Zara Kanji, CFO (2021: \$35,640).
- Remuneration and benefits reported as part of general and administrative expenses consist of \$153,042 to Rosy, Mondin, (2021: \$157,846 to Rosy Mondin, CEO and \$65,096 to Shane Lander, Former CIO)
- Remuneration and benefits from discontinued operations reported as part of discontinued operations (Notes 4 and 30) consist of \$231,690 to the CEO of PED, \$106,250 to the CFO of PED and \$106,250 to the CTO of PED (2021 - \$321,200 to CEO of PED, \$150,000 to the CFO of PED and \$143,767 to the CTO of PED and \$111,183 to the former President of Soma Labs).
- Share-based payments reported as part of general and administrative expenses consist of \$12,912 to Randy Rolph, CEO of PED and \$12,911 to Michael Depault, CTO of PED (2021: \$26,829 to former director, \$92,274 to Michael Galloro, Chang Jagpal and Anthony Durkacz, directors, \$114,540 to the former President, \$10,697 to Zara Kanji, CFO, \$114,540 to Rosy Mondin, CEO, \$12,585 to the former CIO and \$6,293 to the former President of Soma).



As at April 30, 2022, PED owes \$Nil (April 30, 2021 - \$580,340) to the Company for advances and interest in accordance with the credit facility agreement between the Company and the subsidiary. This is subject to an annual interest rate of 12%, compounded monthly. During the year ended April 30, 2022, in connection with the disposal of subsidiary, \$676,784 was repaid to the Company.

On February 3, 2021, the Company entered into a share purchase agreement with the CEO of PED whereby, the Company purchased 1,000,000 common shares of PED for \$100,000.

12. PROPOSED TRANSACTIONS

As at the date of this MD&A, the Company has resolved to redeploy its assets and resources in a way that would, without a major acquisition or change of control, result in a “change of business” under the rules and policies of the Canadian Securities Exchange (the “**Proposed COB**”). The Proposed COB would see the Company move from being a “Life Science” company focused on cannabis to an “investment company” focused on the raising of money and investing in companies without getting involved in the mind and management of the investee companies. The Proposed COB is subject to regulatory approval, including the approval of the Canadian Securities Exchange and the approval of the Company’s Shareholders. Shareholder approval was received at the Annual General and Special Meeting of the Company held April 29, 2022.

13. CRITICAL ACCOUNTING ESTIMATES

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For a detailed summary of the Company’s significant accounting policies, the readers are directed to [Notes 2 and 3 to the Financial Statements](#) for the year ended April 30, 2022 on SEDAR at www.sedar.com and www.thecse.com.

14. RISKS AND UNCERTAINTIES

Although Management attempts to mitigate risks and minimize their effect on the Company’s financial performance, there is no guarantee that the Company will be profitable in the future and the Company’s common shares should be considered speculative.

Public Health Crisis. The Company’s business, operations and financial condition could continue to be materially adversely affected by the outbreak of epidemics or pandemics or other health crises. In December 2019, the 2019 novel coronavirus (“**COVID-19**”) surfaced in Wuhan, China. The World Health Organization declared a global emergency on January 30, 2020 with respect to the outbreak and characterized it as a pandemic on March 11, 2020. The outbreak has spread throughout the world and there continue to be escalating cases of COVID-19 in Canada and the United States, causing companies



and various international jurisdictions to impose restrictions, such as quarantines, closures, cancellations and travel restrictions. While these effects are expected to be temporary, the duration of the business disruptions internationally and related financial impact cannot be reasonably estimated at this time. Such public health crises can result in volatility and disruptions in global supply chains, business operation and financial markets, as well as declining trade, market sentiment and reduced mobility of people, all of which could affect, interest rates, credit ratings, credit risk and inflation. The risks to the Company of such public health crises also include risks to employee health and safety and a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak, labour shortages, travel and shipping disruption and shutdowns (including as a result of government regulation and prevention measures), decrease in sales, and delay, deferment or cancellation of potential partnerships and of the deployment of current and potential future extraction systems.

Change in Laws, Regulations and Guidelines. The operations of the companies the Company invests in are, and may in the future become, subject to various laws, regulations and guidelines relating to the manufacture, management, packaging/labelling, advertising, sale, transportation, storage and disposal of medical cannabis, including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. To the knowledge of Management, all of the companies the Company has invested in are currently in compliance with all such laws; however, changes to such laws, regulations and guidelines due to matters beyond the control of the Company may cause adverse effects to its investments.

The Company endeavors to comply with all relevant laws, regulations and guidelines. To the Company's knowledge, it is in compliance or in the process of being assessed for compliance with all such laws, regulations and guidelines.

Reliance on Management and Key Personnel. The Company believes that its success has depended, and continues to depend, on the efforts and talents of its executives and employees, including its Chief Executive Officer. The Company's future success depends on its continuing ability to attract, develop, motivate, and retain highly qualified and skilled employees. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. In addition, the loss of any of the Company's senior Management or key employees could materially adversely affect its ability to execute its business plan and strategy, and it may not be able to find adequate replacements on a timely basis, or at all. The Company does not maintain key person life insurance policies on any of its employees.

Additional Financing. The continued development of the Company may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of the Company's current business strategy or the Company ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of common shares. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards. Any debt financing secured in



the future could involve 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. Debt financings may contain provisions, which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing. The Company may require additional financing to fund its operations to the point where it is generating positive cash flows. Negative cash flow may restrict the Company's ability to pursue its business objectives.

Competition. There can be no assurance that potential competitors of the Company, which may have greater financial and personnel resources than the Company, are not currently developing, or will not in the future develop, products and strategies that are equally or more effective and/or economical as any products or strategies developed by the Company or which would otherwise render the Company's products or strategies obsolete. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company.

Management of Growth. The Company may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Operating Risk and Insurance Coverage. The Company has insurance to protect certain assets, operations, and employees. Such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future, or if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Conflicts of Interest. The Company may be subject to various potential conflicts of interest because some of its officers and directors may be engaged in a range of business activities. In addition, the Company's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

In addition, the Company may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time-to-time deal with persons, firms, institutions or



Companies with which the Company may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Company. In addition, from time to time, these persons may be competing with the Company for available investment opportunities.

Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

Unpredictable and Volatile Market Price for Common Shares. The market price for common shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following:

- actual or anticipated fluctuations in the Company's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Company operates;
- addition or departure of the Company's executive officers and other key personnel;
- release or expiration of lock-up or other transfer restrictions on outstanding common shares;
- sales or perceived sales of additional common shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures, or capital commitments by or involving the Company or its competitors;
- operating and share price performance of other companies that investors deem comparable to the Company;
- fluctuations to the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- operating and share price performance of other companies that investors deem comparable to the Company or from a lack of market comparable companies; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the common shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which might result in impairment losses. There can be no assurance that continuing fluctuations in price and volume



will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely affected, and the trading price of the common shares might be materially adversely affected.

Future Sales of Common Shares by Existing Shareholders. Sales of a substantial number of common shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of common shares intend to sell common shares, could reduce the market price of our common shares. Holders of options to purchase common shares will have an immediate income inclusion for tax purposes when they exercise their options (that is, tax is not deferred until they sell the underlying common shares). As a result, these holders may need to sell common shares purchased on the exercise of options in the same year that they exercise their options. This might result in a greater number of common shares being sold in the public market, and fewer long-term holds of common shares by the Management and employees of the Company.

Execution of Strategies. The success of the Company's business depends, in part, on its ability to execute on its strategy and to retain key management and employees. The Company continues to evaluate opportunities that have the potential to support and strengthen its business as part of its ongoing growth strategy. The Company expects to evaluate transactions on an ongoing basis in the future. The Company expects to regularly make non-binding proposals, and it may enter into non-binding, confidential letters of intent from time to time in the future. The Company cannot predict the timing or size of any future transaction(s). To successfully execute on its strategies, the Company may need to raise additional equity and/or indebtedness, which could increase its leverage level. There can be no assurance that the Company will enter into definitive agreements with respect to any contemplated transaction or that any contemplated transaction will be completed. The investigation and negotiation, drafting and execution of relevant agreements, disclosure documents and other instruments will require substantial management time and attention and substantial costs for accountants, attorneys, and others. If the Company fails to complete any transaction for any reason, including events beyond its control, the costs incurred up to that point for the proposed transaction likely would not be recoverable. The Company may actively pursue a number of opportunities simultaneously and may encounter unforeseen expenses, complications and delays, including difficulties in employing sufficient staff and maintaining operational and management oversight.

Future Acquisitions or Dispositions. Material acquisitions, dispositions and other strategic transactions involve a number of risks, including: (i) potential disruption of the Company's ongoing business, (ii) distraction of management, (iii) the Company may become more financially leveraged, (iv) the anticipated benefits and cost savings of those transactions may not be realized fully or at all or may take longer to realize than expected, (v) increasing the scope and complexity of the Company's operations, and (vi) loss or reduction of control over certain of the Company's assets. Additionally, the Company may issue additional equity interests in connection with such transactions, which would dilute a shareholder's holdings in the Company.

The presence of one or more material liabilities of an acquired company that are unknown to the Company at the time of acquisition could have a material adverse effect on the business, results of operations, prospects and financial condition of the Company. A strategic transaction may result in a significant



change in the nature of the Company's business, operations and strategy. In addition, the Company may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into the Company's operations.

The Company cannot guarantee that it will achieve synergies and cost savings in connection with future acquisitions. The Company cannot guarantee that there will be attractive acquisition opportunities at reasonable prices, that financing will be available or that it can successfully integrate acquired businesses into existing operations. The Company's inability to effectively manage the integration of its completed and future acquisitions could prevent it from realizing expected rates of return on an acquired business and could have a material and adverse effect on the Company's financial condition, results of operations or liquidity.

Information Technology Systems and Cyber Security Risks. The Company is susceptible to operational, financial and information security risks resulting from cyber-attacks and/or technological malfunctions. Successful cyber-attacks and/or technological malfunctions affecting the Company, or its service providers can result in, among other things, financial losses, the inability to process transactions, the unauthorized release of customer information or confidential information and reputational risk.

The Company has not experienced any material losses to date relating to cybersecurity attacks, other information breaches or technological malfunctions. However, there can be no assurance that the Company will not incur such losses in the future. As cybersecurity threats continue to evolve, the Company may be required to use additional resources to continue to modify or enhance protective measures or to investigate security vulnerabilities.

Additional issuance of Company Shares will Result in Dilution. The Company plans to issue additional securities in the future in connection with its planned acquisitions, offerings, and financing transactions, which will dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of common shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The Board of Directors has discretion to determine the price and the terms of further issuances. The Company cannot predict the effect that future issuances and sales of its securities will have on the market price of its common shares. Issuances of a substantial number of additional securities of the Company, or the perception that such issuances could occur, may adversely affect prevailing market prices for the common shares. With any additional issuance of the Company's securities, investors will suffer dilution to their voting power and the Company may experience dilution in its revenue per share.

Shareholders Have Little or No Rights to Participate in the Company's Affairs. With the exception of the limited rights of shareholders under applicable laws, the day-to-day decisions regarding the management of the Company's affairs will be made exclusively by the Board of Directors and its officers. Shareholders will have little or no control over the Company's future business and investment decisions, its business, and its affairs. The Company may also retain other officers and agents to provide various services to the Company, over which the shareholders will have no control. There can be no assurance that the Board of Directors, officers, or its other agents will effectively manage and direct the affairs of the Company.



Dividends. Holders of the Company Shares will not have a right to dividends on such shares unless declared by the Board of Directors. The Company has not paid dividends in the past, and it is not anticipated that the Company will pay any dividends in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings. The declaration of dividends is at the discretion of the Board of Directors, even if the Company has sufficient funds, net of its liabilities, to pay such dividends, and the declaration of any dividend will depend on the Company's financial results, cash requirements, future prospects and other factors deemed relevant by the Board of Directors.

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 the CSE 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. The Company may also elect to devote greater resources than it otherwise would have on communication and other activities typically considered important by publicly traded companies.

15. OUTSTANDING SHARES

As at April 30, 2022, the Company had 625,196,572 shares, 25,000,000 stock options and 15,910,575 warrants issued and outstanding.

As of the date of this report, the Company has 625,196,572 shares, 24,000,000 stock options and nil warrants issued and outstanding.

16. OFF-BALANCE SHEET ARRANGEMENT

To the best of Management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.