Green Scientific Labs, LLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

(Expressed in United States Dollars)

GREEN SCIENTIFIC LABS, LLC
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT
(Expressed in United States dollars)

	Note	September 30, 2021 *(Unaudited)* $	December 31, 2020 $
Assets			
Current assets			
Cash		3,979,678	154,076
Trade receivables	4	601,366	484,586
Prepayments and deposits		110,298	20,516
Other receivables		299,615	-
Inventories		649,627	252,494
Total current assets		5,640,584	911,672
Non-current assets			
Property and equipment	5	2,591,190	1,265,014
Intangible assets	7	13,114	36,718
Right-of-use assets	6	6,347,356	2,189,032
Total assets		14,592,244	4,402,436
Liabilities			
Accounts payable and other payables	8	849,465	606,697
Customer deposits		43,978	181,407
Current portion of convertible debentures	13	-	466,777
Current portion of derivative liabilities	14	-	114,862
Current portion of lease liabilities	6	793,400	381,214
Total current liabilities		1,686,843	1,750,957
Non-current liabilities			
Loans and borrowings	11	-	186,300
Convertible debentures	13	-	48,556
Derivative liabilities	14	-	197,267
Lease liabilities	6	5,320,429	1,730,932
Total Liabilities		7,007,272	3,914,012
Members' Equity			
Members' capital	9	10,153,713	1,264,298
Contributed surplus		364,213	262,493
Accumulated deficit		(2,932,954)	(1,038,367)
Total Members' Equity		7,584,972	488,424
Total Liabilities and Members' Equity		14,592,244	4,402,436

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

Contingencies (Note 10), Subsequent Events (Note 18)

GREEN SCIENTIFIC LABS, LLC
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in United States dollars)

	Note	Three months ended September 30, 2021 (Unaudited) $	Three months ended September 30, 2020 (Unaudited) $	Nine months ended September 30, 2021 (Unaudited) $	Nine months ended September 30, 2020 (Unaudited) $
Revenue		1,779,603	1,643,172	6,106,756	4,184,821
Operating expenses:					
Materials and consumables used		(423,017)	(505,390)	(1,799,937)	(1,082,093)
Employee wages and benefits		(1,431,460)	(695,491)	(3,509,607)	(1,572,016)
Consulting and professional fees		(266,288)	(42,604)	(580,243)	(148,680)
Depreciation and amortization		(288,811)	(196,746)	(839,046)	(513,184)
Supplies and small equipment		(160,897)	(45,641)	(256,835)	(102,932)
Rent and occupancy cost		(85,434)	(24,929)	(155,396)	(60,513)
Travel and entertainment		(109,375)	(14,826)	(203,761)	(31,721)
Advertising and promotion		(24,609)	(2,101)	(40,530)	(28,211)
General and administration		(133,573)	(81,045)	(271,512)	(206,913)
Unit-based compensation	9(a)	-	-	-	(480,000)
Income (loss) from operations		(1,143,861)	34,399	(1,550,111)	(41,442)
Other operating expenses:					
Finance cost		(112,187)	(163,744)	(378,092)	(545,848)
Gain on change in fair value of derivative liabilities	14	-	45,738	33,312	161,888
Loss on conversion of convertible debentures	13	-	-	(197,440)	-
Provision for expected credit losses	4	14,946	(17,061)	8,105	(26,855)
Gain on loan forgiveness	11	-	-	189,639	-
Other income		-	-	-	10,000
		(97,241)	(135,067)	(344,476)	(400,815)
Net loss and comprehensive loss		(1,241,102)	(100,668)	(1,894,587)	(442,257)

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

GREEN SCIENTIFIC LABS, LLC
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN MEMBER'S EQUITY
(Expressed in United States dollars)

	Note	Units	Distributions	Members' Capital	Contributed Surplus	Accumulated Deficit	Total
		$	$	$	$	$	$
Balance, January 1, 2020		1,140,000	(397,000)	**743,000**	2,253	(127,685)	**617,568**
Net loss for the period		-	-	**-**	-	(442,257)	**(442,257)**
Issuance of units for services	**9(a)**	480,000	-	**480,000**	-	-	**480,000**
Partial repayment of convertible debentures		-	-	**-**	178,972	-	**178,972**
Conversion of convertible debentures	**9(b)**	219,911	-	**219,911**	-	-	**219,911**
Distributions	**9(c)**	-	(133,613)	**(133,613)**	-	-	**(133,613)**
Balance, September 30, 2020 *(unaudited)*		1,839,911	(530,613)	**1,309,298**	181,225	(569,942)	**920,581**
Balance, January 1, 2021		1,839,911	(575,613)	**1,264,298**	262,493	(1,038,367)	**488,424**
Net loss for the period		-	-	**-**	-	(1,894,587)	**(1,894,587)**
Partial repayment of convertible debentures		-	-	**-**	101,720	-	**101,720**
Conversion of convertible debentures	**9(f)**	714,712	-	**714,712**	-	-	**714,712**
Issuance of units, net	**9(d),(e)**	8,204,703	-	**8,204,703**	-	-	**8,204,703**
Distributions	**9(c)**	-	(30,000)	**(30,000)**		-	**(30,000)**
Balance, September 30, 2021 *(unaudited)*		10,759,326	(605,613)	**10,153,713**	364,213	(2,932,954)	**7,584,972**

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

GREEN SCIENTIFIC LABS, LLC
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in United States dollars)

		Nine months ended	
		September 30, 2021	September 30, 2020
		(Unaudited)	*(Unaudited)*
	Note	**$**	**$**
Cash flow from operating activities			
Net loss for the period		(1,894,587)	(442,257)
Items not affecting cash:			
Depreciation and amortization		839,046	513,184
Accretion on lease liabilities	**6**	236,251	118,597
Accretion on convertible debentures	**13**	93,713	323,146
Change in fair value of derivative liabilities	**14**	(33,312)	(161,888)
Loss on conversion of convertible debentures	**13**	197,440	-
Provision for expected credit losses	**4**	(8,105)	26,855
Unit-based compensation	**9(a)**	-	480,000
Gain on loan forgiveness	**11**	(189,639)	-
Changes in non-cash working capital items:			
Increase in trade and other receivables		(108,675)	(149,079)
Increase in prepayments and deposits		(89,782)	(9,523)
Increase in other receivables		(299,615)	-
Decrease (increase) inventories		(397,133)	(131,007)
Increase (decrease) in accounts payable and other payables		246,107	(410,719)
Decrease in customer deposits		(137,429)	-
Cash flow from (used in) operating activities		(1,545,720)	157,309
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment	**5**	(1,628,619)	(365,924)
Purchase of intangible assets	**7**	-	(62,945)
Cash flow used in investing activities		(1,628,619)	(428,869)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issuance of units, net	**9(d)**	8,204,703	-
Proceeds from loans and borrowings, net	**11**	-	186,300
Issuance of convertible debentures, net		100,556	852,390
Repayment of convertible debentures	**13**	(369,427)	(240,948)
Distributions paid to members	**9(c)**	(30,000)	(133,613)
Payment of lease liabilities		(905,891)	(545,898)
Cash flow from financing activities		6,999,941	118,231
Increase (decrease) in cash		**3,825,602**	**(153,329)**
Cash, beginning of period		154,076	336,891
Cash, end of period		3,979,678	183,562

Supplementary information

Interest paid, net	17,127	72,731
Conversion of convertible debt	714,712	219,911

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

1. NATURE OF OPERATIONS

Green Scientific Labs, LLC ("GSL" or the "Company") was formed in the State of Delaware on April 19, 2018. The Company is located at 4001 SW 47th Avenue, Suite 208 Davie, Florida 33314 and provides hemp and marijuana testing services in Florida, the United States.

On February 11, 2021, the Company completed a 1,000 for 1 membership unit split to increase the issued and outstanding membership units of the Company from 100 to 100,000. On February 15, 2021, the Company completed a 100 for 1 membership unit split to further increase the issued and outstanding membership units of the Company from 100,000 to 10,000,000. These condensed consolidated interim financial statements give retroactive effect to such membership unit split and all membership units and per membership unit amounts have been adjusted accordingly.

On April 15, 2021, the Company entered into a non-binding letter of intent ("LOI") with Prominex Resource Corp. whereby the parties will complete a business combination by way of a reverse takeover of Prominex Resource Crop. by the Company (the "Transaction"). In connection with the Transaction, the resulting issuer will apply to list the common shares of the resulting issuer on the Canadian Securities Exchange ("CSE"). The Transaction is subject to number of conditions, including but not limited to, the entering into a binding definitive agreement between the parties setting out the terms and conditions of the Transactions, CSE acceptance and requisite shareholder approvals.

2. BASIS OF PRESENTATION AND MEASUREMENT

The unaudited condensed consolidated interim financial statements of the Company for the three and nine months ended September 30, 2021 and 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"). These financial statements meet the requirements of International Accounting Standard ("IAS") 34, "Interim Financial Reporting" and follow the same accounting policies as the consolidated financial statements for the years ended December 31, 2020 and 2019.

These condensed consolidated interim financial statements for the three and nine months ended September 30, 2021 and 2020 were approved and authorized for issue by the members of the Company on November 29, 2021.

These condensed consolidated interim financial statements have been prepared on the going concern basis, under the historical cost convention, except for certain financial instruments that are measured at fair value as described herein.

Basis of consolidation

These statements consolidate the accounts of the Company and its wholly owned subsidiaries. Control is achieved when we have the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, are exposed to, or have rights to, variable returns from our involvement with the entity and have the ability to affect those returns through our power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. Profit and loss or other comprehensive income (loss) of subsidiaries acquired during the period are recognized from the date of acquisition or effective date of disposal as applicable. Significant intercompany accounts and transactions have been eliminated on consolidation.

2. BASIS OF PRESENTATION AND MEASUREMENT (continued)

Basis of consolidation (continued)

The Company has the following subsidiaries:

Name of Entity	**% Ownership***	**Country of incorporation**
Green Scientific Labs Management (Michigan) LLC	100	United States
Green Scientific Labs AZ LLC	100	United States
Green Scientific Labs NJ, LLC	100	United States
Green Scientific Labs IL, LLC	100	United States
Green Scientific Labs CT, LLC	100	United States

**There were no changes in the percentage of ownership during the nine months ended September 30, 2021, except for Green Scientific Labs NJ, LLC, Green Scientific Labs IL, LLC and Green Scientific Labs CT, LLC, which were incorporated during the current period.*

When the proportion of the equity (deficiency) held by non-controlling interest changes, the Company adjusts the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interest in the subsidiary. The Company recognizes directly in equity (deficiency) any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received and attribute it to the members of the Company.

Functional and Presentation Currency

The Company's functional currency and those of its wholly owned subsidiaries, as determined by management, is the United States ("U.S.") dollar. These financial statements are presented in U.S. dollars.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Significant judgments, estimates, and assumptions that have the most significant effect on the amounts recognized in the financial statements are described below.

(i) *Estimated Useful Lives and Depreciation of Property and Equipment*

Depreciation of property and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

(ii) *Fair value of derivative liabilities*

Management uses the multinomial lattice model to calculate the fair value of derivative liabilities. Use of this method requires management to make assumptions and estimates about the Company's unit price, the risk-free rate, the probability of an event of default for the instruments, alternative financing, and capital raising events to take place, and the expected volatility of the Company's unit price. In making these assumptions and estimates, management relies on historical market data.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) *Lease liabilities*

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised. The Company has several lease contracts that include extension options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. The Company included the renewal period as part of the lease term for leases of office and laboratory because there will be a significant negative effect on operations if a replacement asset is not readily available.

When the Company recognizes a lease, the future lease payments are discounted using the Company's incremental borrowing rate. This significant estimate impacts the carrying amount of the lease liabilities and the interest expense recorded on the condensed consolidated interim statement of (loss) income and comprehensive (loss) income.

(iv) *Expected credit losses*

In calculating the expected credit loss on financial instruments, management is required to make a number of judgments including the probability of possible outcomes with regards to credit losses, the discount rate to use for time value of money and whether the financial instrument's credit risk has increased significantly since initial recognition.

(v) *Going concern risk assessment*

The assessment of the Company's ability to continue as a going concern, meet its liabilities for the ensuing year, involves significant judgment based on expectation of future events that are believed to be reasonable under the circumstances.

Standards, amendments, and interpretations issued but not yet adopted

The IASB has issued several new standards and amendments that will be effective on various dates. The listing below is of standards, interpretation and amendments issued which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The impact on the Company is currently being assessed.

Amendment to IAS 1, Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current: In January 2020, the IASB issued amendments to paragraphs 69-76 of IAS 1 to clarify the requirements for classifying liabilities as current or non-current. The amendments specify that the conditions which exist at the end of a reporting period are those which will be used to determine if a right to defer settlement of a liability exists. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective January 1, 2022, with early adoption permitted. The amendments are to be applied retrospectively. Management is currently assessing the impact of this amendment.

(Expressed in United States dollars)

4. TRADE RECEIVABLES

Trade receivables are non-interest bearing and are generally on a 30 days term.

Below is the movement in the allowance for expected credit losses of trade receivables:

	September 30, 2021 *(unaudited)* $	**December 31, 2020** $
Opening balance, January 1	31,366	67,723
Provision for expected credit losses	(8,105)	77,626
Write-off	-	(113,983)
Ending balance	**23,261**	**31,366**

5. PROPERTY AND EQUIPMENT

As at September 30, 2021 (unaudited), December 31, 2020 and January 1, 2020, property and equipment consist of:

	Leasehold improvements $	**Furniture and equipment** $	**Computer software** $	**Vehicles** $	**Total** $
Cost					
Balance, January 1, 2020	**6,048**	**1,284,815**	**-**	**-**	**1,290,863**
Additions	197,410	192,676	-	-	390,086
Balance, December 31, 2020	**203,458**	**1,477,491**	**-**	**-**	**1,680,949**
Additions *(unaudited)*	708,950	723,114	172,500	24,055	1,628,619
Balance, September 30, 2021 *(unaudited)*	**912,408**	**2,200,605**	**172,500**	**24,055**	**3,309,568**
Accumulated depreciation					
Balance, January 1, 2020	**556**	**111,158**	**-**	**-**	**111,714**
Depreciation	21,654	282,567	-	-	304,221
Balance, December 31, 2020	**22,210**	**393,725**	**-**	**-**	**415,935**
Depreciation *(unaudited)*	65,733	230,437	3,867	2,406	302,443
Balance, September 30, 2021 *(unaudited)*	**87,943**	**624,162**	**3,867**	**2,406**	**718,378**
Net book value					
At January 1, 2020	5,492	1,173,657	-	-	1,179,149
At December 31, 2020	181,248	1,083,766	-	-	1,265,014
At September 30, 2021 *(unaudited)*	**824,465**	**1,576,443**	**168,633**	**21,649**	**2,591,190**

Computer software and vehicles have a useful life of 5 years. Depreciation has not begun for some of the furniture and equipment with a carrying amount of $424,064, as the Company's new laboratories were still under renovation as at September 30, 2021 and therefore these assets were not yet available for use. As at September 30, 2021, the Company was still in the process of upgrading its inventory software system with an addition of $56,500 and as such, depreciation has not commenced during the period ended September 30, 2021.

(Expressed in United States dollars)

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

The Company's leases assets include office space, equipment and vehicle leases. Leases of office space and equipment generally have lease term between 3 to 15 years, while motor vehicles generally have lease terms of 6 years. There are several lease contracts that include extension options and management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised (Note 3). The right-of-use assets consist of the following:

	Right of use Buildings $	Right of use Equipment $	Right of use Vehicles $	Right of use Total $
Cost				
Balance, January 1, 2020	**772,538**	**815,214**	**-**	**1,587,752**
Lease additions	-	1,381,325	75,082	1,456,407
Balance, December 31, 2020	**772,538**	**2,196,539**	**75,082**	**3,044,159**
Lease additions *(unaudited)*	1,913,190	2,728,857	-	4,642,047
Lease modification *(unaudited)*	(65,598)	-	-	(65,598)
Balance, September 30, 2021 *(unaudited)*	**2,620,130**	**4,925,396**	**75,082**	**7,620,608**
Accumulated depreciation				
Balance, January 1, 2020	**40,660**	**384,962**	**-**	**425,622**
Amortization	54,213	365,907	9,385	429,505
Balance, December 31, 2020	**94,873**	**750,869**	**9,385**	**855,127**
Amortization *(unaudited)*	136,767	366,847	9,384	512,998
Lease modification *(unaudited)*	(94,873)	-	-	(94,873)
Balance, September 30, 2021 *(unaudited)*	**136,767**	**1,117,716**	**18,769**	**1,273,252**
Net book value				
At January 1, 2020	731,878	430,252	-	1,162,130
At December 31, 2020	677,665	1,445,670	65,697	2,189,032
At September 30, 2021 *(unaudited)*	**2,483,363**	**3,807,680**	**56,313**	**6,347,356**

Lease liabilities

The Company's corresponding lease liabilities are composed of the following:

Balance, January 1, 2020	**1,180,739**
Additions	1,456,407
Payments and interest	(525,000)
Balance, December 31, 2020	2,112,146
Additions *(unaudited)*	4,642,047
Payments and interest *(unaudited)*	(669,640)
Lease modification *(unaudited)*	29,276
Balance, September 30, 2021 *(unaudited)*	6,113,829

Interest expense on lease liabilities for the three and nine months ended September 30, 2021 were $89,865 and $236,251 *(unaudited)* (three and nine months ended September 30, 2020 - $36,894 and $118,597 *(unaudited)*).

(Expressed in United States dollars)

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Lease liabilities (continued)

During the nine months ended September 30, 2021, the IBR applied ranges from 9.57% to 13.0% (year ended December 31, 2020 – 5.7% to 17.1%). The Company's minimum contractual undiscounted cash flows for lease obligations as at September 30, 2021 (unaudited) and December 31, 2020 are presented below:

	September 30, 2021 *(unaudited)* $	December 31, 2020 $
Undiscounted lease liabilities		
Within 1 year	1,462,491	609,112
2 to 3 years	2,926,956	891,429
Thereafter	4,839,871	1,821,151
Total undiscounted lease liabilities	9,229,318	3,321,692
Impact of discounting	(3,115,489)	(1,209,546)
Present value of lease liabilities	6,113,829	2,112,146
Less: current portion of lease liabilities	**(793,400)**	**(381,214)**
Non-current portion of lease liabilities	**5,320,429**	**1,730,932**

7. INTANGIBLE ASSETS

During the year ended December 31, 2020, the Company obtained a license to operate as a testing laboratory from the State of Florida Department of Health Office of Medical Marijuana Use ("OMMU"). Intangible assets consist of application fees incurred to obtain the license. The Company amortizes the license on a straight-line basis, over a 2-year useful life.

	License $
Cost	
Balance, January 1, 2020	-
Additions	62,945
Balance, December 31, 2020	**62,945**
Additions *(unaudited)*	-
Balance, September 30, 2021 *(unaudited)*	**62,945**
Accumulated depreciation	
Balance, January 1, 2020	-
Depreciation	26,227
Balance, December 31, 2020	**26,227**
Depreciation *(unaudited)*	23,604
Balance, September 30, 2021 *(unaudited)*	**49,831**
Net book value	
At January 1, 2020	-
At December 31, 2020	36,718
At September 30, 2021 *(unaudited)*	13,114

(Expressed in United States dollars)

8. ACCOUNTS PAYABLE AND OTHER PAYABLES

	September 30, 2021 *(unaudited)* $	December 31, 2020 $
Accounts payable	497,138	367,504
Other payables	233,403	187,975
Accrued liabilities	118,924	51,218
	849,465	**606,697**

Accounts payable is non-interest bearing and are normally settled on 30 to 60-day terms. Other payables and accrued liabilities are non-interest bearing and have an average term of three months.

9. MEMBERS' EQUITY

Authorized unit capital
The Company is authorized to issue an unlimited number of units at no par value.

Outstanding unit capital
As at September 30, 2021 (unaudited) and September 30, 2020, there was only one class of units issued and outstanding.

a) During the nine months ended September 30, 2020, the Company issued 1,000,000 units at a price of $0.48 per unit pursuant to employment arrangements, and recorded the amount as unit-based compensation expense.
b) During the nine months ended September 30, 2020, the Company converted $200,746 of the 2018 Debentures via the issuance of 267,000 units at $0.75 per unit. Derivative liability of $19,165 related the 2018 Debentures were reclassified to members' capital upon conversion.
c) During the nine months ended September 30, 2021 (unaudited) and 2020 (unaudited), distributions of $30,000 (unaudited) and $133,613 were made, respectively.
d) On April 6, 2021 (unaudited), the Company completed a non-brokered private placement, raising gross proceeds of $6,440,000 through the issuance of 6,440,000 units at $1.00 per unit and incurred issuance costs of $35,297.
e) On May 3, 2021(unaudited), the Company received gross proceeds of $1,800,000 from a non-brokered private placement through the issuance of 1,340,283 units at $1.343 per unit.
f) During the nine months September 30, 2021 (unaudited), the Company converted $481,555 of the 2019 Debentures and $18,445 of the 2020 Debentures via the issuance of 500,000 units. Derivative liabilities of $212,260 related the 2019 Debentures and $2,452 related to the 2020 Debentures were reclassified to members' capital upon conversion.

As at September 30, 2021 (unaudited) and 2020 (unaudited), there were 18,280,283 and 10,000,000 units outstanding, respectively.

10. CONTINGENCIES

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At September 30, 2021 (unaudited) and December 31, 2020, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

11. LOANS AND BORROWINGS

PPP loan
On May 10, 2020, the Company received a $188,300 loan under the Paycheck Protection Program ("PPP") offered by the U.S. Small Business Administration in the context of the COVID-19 pandemic outbreak. The loan is interest-bearing at 1.00% per annum and with a maturity date in 2 years. On January 22, 2021, the full amount of $188,300 in principal and $1,339 in accrued interest was forgiven and the total amount of $189,639 is presented as gain on loan forgiveness in the condensed consolidated interim statement of (loss) income and comprehensive (loss) income during the nine months ended September 30, 2021(unaudited).

As at September 30, 2021 (unaudited) and December 31, 2020, loan balance outstanding were Nil and $188,300, respectively. Interest expense incurred for the three and nine months ended September 30, 2021 were Nil and $122 (three and nine months ended September 30, 2020 – $955 and $1,218).

12. RELATED PARTY TRANSACTIONS

Parties are considered related if the party has the ability, either directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received.

Key management includes the Company's directors and members of the executive management team. Total compensation of key management personnel and directors was approximately $129,969 and $352,492 for the three months and nine months ended September 30, 2021 (three and nine months ended September 30, 2020 - $65,557 and $189,942).

13. CONVERTIBLE DEBENTURES

2018 Debenture
On December 31, 2018, the Company entered into an agreement to issue convertible debentures of $250,000 (the "2018 Debenture"). The proceed was received on January 2, 2019. The 2018 Debenture bore interest at 15% per annum. The Company was required to make interest-only payments beginning on January 1, 2020 and final payment of principal and accrued interest was due and payable on June 30, 2020. The 2018 Debenture was secured by a security interest in the Company's property and assets pursuant to the security agreement entered into with the holder. The outstanding principal and unpaid accrued interest was at the option of the holder to be converted into the Company's membership unit at a conversion price of at the lesser of: (i) $7.5 million pre-money valuation per membership unit or; or (ii) the per membership unit purchase price of the next equity financing by the Company for cash. On June 30, 2020, $200,746 of the 2018 Debenture was converted into 2.67% membership interest of the Company at $7.5 million pre-money valuation, which is the value of the Company before it received other external funding or financing.

13. CONVERTIBLE DEBENTURES (continued)

2019 Debentures

On November 7, 2019, the Company entered into an agreement to issue a series of convertible debentures with an aggregate amount of $987,765 (the "2019 Debentures"). The 2019 Debentures bore interest at 13% per annum. The Company was required to make principal and interest payments until the 2019 Debentures was fully repaid. The 2019 Debentures was secured by a security interest in the Company's property and assets pursuant to the security agreement entered into with the holder. The outstanding principal and unpaid accrued interest was at the option of the holder to be converted into the Company's membership unit at a conversion price of at the lesser of: (i) $20 million pre-money valuation per membership unit or; or (ii) the per membership unit purchase price of the next equity financing by the Company for cash. In 2019 the Company closed two tranches and raised gross proceeds of $224,009. In 2020, the Company closed the remaining amount in four tranches and raised gross proceeds of $763,757. The monthly principal and interest payments for the different tranches range from $3,735 to $19,828. During the nine months ended September 30, 2021 (unaudited), $481,555 of the 2019 Debentures was converted into 481,555 membership units of the Company at $1 per unit. Upon conversion, the Company recorded a loss on conversion of $168,271.

2020 Debenture

On August 11, 2020, the Company entered into a secured credit line with a principal amount of $200,000. The note bore interest of 13% per annum with a maturity date of November 11, 2020. The Company was to make interest only monthly payment of $2,250. The promissory note is secured by a security interest in equipment owned by the Company up to a value of $200,000. The outstanding principal and unpaid accrued interest was at the option of the holder to be converted into the Company's membership unit at a conversion price of at the lesser of: (i) $20 million pre-money valuation per membership unit or; or (ii) the per membership unit purchase price of the next equity financing by the Company for cash. On November 4, 2020, the Company entered into an amendment to the promissory note to extend the maturity date to February 11, 2021 and the monthly interest payment was be in the amount of $2,500. During the nine months ended September 30, 2021 (unaudited), $18,445 of the 2018 Debenture was converted into 18,445 membership units of the Company at $1 per unit and the remaining portion was repaid in full.

2021 Debenture

On February 2, 2021, the Company entered into a promissory note with a principal amount of $101,500. The note bore interest of 13% per annum with a maturity date of August 2, 2021. The principal amount and accrued interest were due on maturity. The outstanding principal and unpaid accrued interest was at the option of the holder to be converted into the Company's membership unit at a conversion price of at the lesser of: (i) $20 million pre-money valuation per membership unit or; or (ii) the per membership unit purchase price of the next equity financing by the Company for cash. During the nine months ended September 30, 2021 (unaudited), the outstanding principal and accrued interest were repaid in full. Upon early repayment, the Company recorded a loss of $29,169 on settlement.

(Expressed in United States dollars)

13. CONVERTIBLE DEBENTURES (continued)

	2018 Debenture $	2019 Debentures $	2020 Debenture $	2021 Debenture $	Total $
Balance, January 1, 2020	179,932	89,425	-	-	269,357
Amounts issued	-	763,757	200,000	-	963,757
Less: allocated to derivative liabilities (Note 14)	-	(460,508)	(92,939)	-	(553,447)
Less: issuance costs	-	(4,306)	(1,071)	-	(5,377)
Accretion	70,068	348,689	94,010	-	512,767
Repayment	(49,254)	(421,724)	-	-	(470,978)
Conversion	(200,746)	-	-	-	(200,746)
Balance, December 31, 2020	-	315,333	200,000	-	515,333
Amounts issued	-	-	-	101,500	101,500
Less: allocated to derivative liabilities (Note 14)	-	-	-	(37,615)	(37,615)
Less: issuance costs	-	-	-	(944)	(944)
Accretion	-	84,323	-	9,390	93,713
Repayment	-	(86,372)	(181,555)	(101,500)	(369,427)
Conversion	-	(481,555)	(18,445)	-	(500,000)
Loss on conversion	-	168,271	-	29,169	197,440
Balance, September 30, 2021 *(unaudited)*	**-**	**-**	**-**	**-**	**-**

14. DERIVATIVE LIABILITIES

2018 Debenture

The 2018 Debenture (see Note 13) issued by the Company contained down round protection on the conversion feature. If the down round protection is enacted, there will be variability in the number of membership units issued. In accordance with IFRS, a contract to issue variable number of membership units shall be classified as a derivative liability and measured at fair value with change in fair value recognized in the condensed consolidated interim statements of (loss) income and comprehensive (loss) income at each period-end. The derivative liability will ultimately be converted into the Company's equity when the convertible debenture is converted, or will be extinguished on the repayment of the debentures and reclassified to contributed surplus.

The Company used the multinomial lattice model to estimate the fair value of the derivative liability with respect to the 2018 Debenture at each reporting date. This is a Level 3 recurring fair value measurement (Note 16). The following assumptions were used:

2018 Debenture	June 30, 2020*	December 31, 2019	At inception
Volatility	124.90%	102.89%	86.00%
Risk-free interest rate	0.11%	1.55%	2.57%
Term remaining (years)	0.00	0.50	1.50
Stock price	$ 0.83	$ 0.72	$ 0.49

**Date of conversion*

(Expressed in United States dollars)

14. DERIVATIVE LIABILITIES (continued)

2018 Debenture (continued)

Upon initial recognition, the Company recorded derivative liability of $148,391 in 2019. During the three and nine months ended September 30, 2020, the Company recorded a gain of $121,131 and $124,946, respectively, on the revaluation of the derivative liability. In 2020, $200,746 of the 2018 Debenture were converted and the Company recorded $19,165, representing the fair value of the derivative liability at the conversion date for the portion converted, as members' capital.

2019 Debentures
Similar to the 2018 Debenture, the 2019 Debentures contained down round protection on the conversion feature and shall be classified as derivatives liabilities and measure at fair value with change in fair value recognized in the condensed consolidated interim statements of (loss) income and comprehensive (loss) income at each period end.

The Company used the multinomial lattice model to estimate the fair value of the derivative liabilities with respect to the 2019 Debentures at each reporting date. This is a Level 3 recurring fair value measurement (Note 16). The following assumptions were used:

2019 Debentures	March 15, 2021*	December 31, 2020	December 31, 2019	At inception
Volatility	101.00% to 119.90%	114.20% to 123.70%	97.30% to 98.20%	95.00% to 108.00%
Risk-free interest rate	0.06%	0.09% to 0.10%	1.59%	0.17% to 1.68%
Term remaining (years)	0.65 to 0.97	0.85 to 1.17	1.85 to 1.96	1.95 to 2.00
Stock price	$ 1.00	$ 0.94	$ 0.72	$0.68 to $0.75

**Date of conversion*

Upon initial recognition, the Company recorded derivative liabilities of $136,603 in 2019 and $460,508 in 2020, respectively. During the year ended December 31, 2020, a balance of $ $255,538 (2019 - $2,253) was transferred to contributed surplus upon partial payment made by the Company throughout the year. During the three and nine months ended September 30, 2021 (unaudited), the Company recorded Nil and a gain of $52,612, respectively, on the revaluation of the derivative liabilities (three and nine months ended September 30, 2020 (unaudited) – a gain of $32,445 and $23,650). During the nine months ended September 30, 2021 (unaudited), $481,555 of the 2019 Debentures were converted and the Company recorded $212,260, representing the fair value of the derivative liability at the conversion date, as members' capital.

(Expressed in United States dollars)

14. DERIVATIVE LIABILITIES (continued)

2020 Debenture

Similar to the 2018 and 2019 Debentures, the 2020 Debenture contained down round protection on the conversion feature and shall be classified as derivatives liabilities and measure at fair value with change in fair value recognized in the condensed consolidated interim statements of (loss) income and comprehensive (loss) income at each period end.

The Company used the multinomial lattice model to estimate the fair value of the derivative liabilities with respect to the 2020 Debenture at each reporting date. This is a Level 3 recurring fair value measurement (Note 16). The following assumptions were used:

2020 Debenture	March 15, 2021*	December 31, 2020	At inception
Volatility	93.02%	84.24%	149.84%
Risk-free interest rate	0.01%	0.08%	0.12%
Term remaining (years)	0.25	0.11	0.50
Stock price	$ 1.00	$ 0.94	$ 0.86

**Date of conversion/repayment*

Upon initial recognition, the Company recorded derivative liabilities of $92,939 in 2020. During the three and nine months ended September 30, 2021 (unaudited), the Company recorded Nil and a loss of $26,586, respectively, on the revaluation of the derivative liabilities (three and nine months ended September 30, 2020 (unaudited) – a gain of $13,292 and $13,292). During the nine months ended September 30, 2021 (unaudited), $18,455 of the 2020 Debenture were converted and the Company recorded $2,452, representing the fair value of the derivative liability at the conversion date, as members' capital.

2021 Debenture

Similar to the other debentures, the 2021 Debenture contained down round protection on the conversion feature and shall be classified as derivatives liabilities and measure at fair value with change in fair value recognized in the condensed consolidated interim statements of (loss) income and comprehensive (loss) income at each period end.

The Company used the multinomial lattice model to estimate the fair value of the derivative liabilities with respect to the 2021 Debenture at each reporting date. This is a Level 3 recurring fair value measurement (Note 16). The following assumptions were used:

2021 Debenture	March 15, 2021*	At inception
Volatility	94.07%	96.00%
Risk-free interest rate	0.03%	0.07%
Term remaining (years)	0.34	0.50
Stock price	$ 1.00	$ 0.96

**Date of repayment*

Upon initial recognition, the Company recorded derivative liabilities of $37,615 in February 2021 (unaudited). During the three and nine months ended September 30, 2021 (unaudited), the Company recorded Nil and a gain of $7,286, respectively, on the revaluation of the derivative liabilities. During the nine months ended September 30, 2021 (unaudited), the 2021 Debenture was fully repaid and the Company transferred $30,329, representing the fair value of the derivative liability to contributed surplus.

(Expressed in United States dollars)

14. DERIVATIVE LIABILITIES (continued)

	2018 Debenture $	2019 Debentures $	2020 Debenture $	2021 Debenture $	Total $
Balance, January 1, 2020	148,813	142,598	-	-	291,411
Allocated to derivative liabilities (Note 13)	-	460,508	92,939	-	553,447
Transferred to contributed surplus upon repayment	(4,702)	(255,538)	-	-	(260,240)
Transferred to member's capital upon conversion	(19,165)	-	-	-	(19,165)
Change in fair value	(124,946)	(35,439)	(92,939)	-	(253,324)
Balance, December 31, 2020	-	312,129	-	-	312,129
Allocated to derivative liabilities (Note 13)	-	-	-	37,615	37,615
Transferred to contributed surplus upon repayment	-	(47,257)	(24,134)	(30,329)	(101,720)
Transferred to member's capital upon conversion	-	(212,260)	(2,452)	-	(214,712)
Change in fair value	-	(52,612)	26,586	(7,286)	(33,312)
Balance, September 30, 2021 *(unaudited)*	**-**	**-**	**-**	**-**	**-**

15. CAPITAL MANAGEMENT

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for members and benefits for other members. The Company considers the items included in members' equity as capital. The Company manages the capital structure and makes adjustments in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the Company's business. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through the equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator.

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments

Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The classification of the financial instruments, as well as their carrying values, are shown in the table below:

	September 30, 2021 *(unaudited)* $	December 31, 2020 $
Financial assets at amortized cost		
Cash	3,979,678	154,076
Trade receivables	601,366	484,586
Other receivables	299,615	-
Total financial assets	**4,880,659**	**638,662**
Financial liabilities at FVTPL		
Derivative liabilities	-	312,129
Financial liabilities at amortized cost		
Accounts payable and other payables	849,465	606,697
Loans and borrowings	-	186,300
Convertible debentures	-	515,333
Lease liabilities	6,113,829	2,112,146
Total financial liabilities	**6,963,294**	**3,732,605**

(Expressed in United States dollars)

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs for the asset or liability that are not based on observable market data.

There have been no transfers between fair value levels during the nine months ended September 30, 2021 (unaudited) and the year ended December 31, 2020.

Cash, trade receivables, accounts payable and other payables are all short-term in nature and, as such, their carrying values approximate fair value.

As at September 30, 2021 (unaudited) and December 31, 2020, there were no financial assets or liabilities measured and recognized in the condensed consolidated interim statements of financial position at fair value that would be categorized as Level 3 in the fair value hierarchy above with the exception of the conversion feature liability, which is Level 3 fair value measurements.

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The members mitigate these risks by assessing, monitoring and approving the Company's risk management processes:

a. Credit Risk

Credit risk is the risk of a potential loss to the Company if one party of a financial instrument fails to meet its contractual obligations. The maximum credit exposures at September 30, 2021 and December 31, 2020 are the carrying amount of cash and trade receivables. To reduce credit risk, all significant cash balances are placed with major, reputable, U.S. financial institutions. The Company has concentration of credit risk as the top three trade debtors accounted for approximately 65% and 63% of its total trade receivables balance as at September 30, 2021 (unaudited) and December 31, 2020, respectively. In view of this, management regularly assesses by monitoring the individual profile of its trade receivables. In this regard, management considers that the credit concentration risk has been significantly mitigated. The following table provides information regarding the aged trading receivables:

	Current	31-60 days	61-90 days	91+ days
September 30, 2021 (unaudited)	83%	10%	0%	7%
December 31, 2020	83%	1%	0%	16%

(Expressed in United States dollars)

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

b. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the effective management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity at all times to settle obligations and liabilities when due. The Company has the following undiscounted contractual obligations:

	Less than 1 year	2 to 3 years	4 to 5 years	Greater than 5 years	Total
	$	$	$	$	$
Accounts payable and other payables	849,465	-	-	-	**849,465**
Lease liabilities	1,462,491	2,926,956	4,839,871	-	**9,229,318**
September 30, 2021 *(unaudited)*	**2,311,956**	**2,926,956**	**4,839,871**	**-**	**10,078,783**
Accounts payable and other payables	606,697	-	-	-	**606,697**
Loans and borrowings	-	186,300	-	-	**186,300**
Convertible debentures	715,194	52,733	-	-	**767,927**
Lease liabilities	609,112	891,429	1,821,151	-	**3,321,692**
December 31, 2020	**1,931,003**	**1,130,462**	**1,821,151**	**-**	**4,882,616**

c. Interest rate risk

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Currently, the Company has no assets or liabilities with a variable interest rate. Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. The Company's lease obligations, loans and borrowings bear fixed interest rates.

17. COVID-19 AND ITS IMPACT ON THE BUSINESS ENVIRONMENT

Beginning in March 2020, the Governments of Canada and the United States, as well as other foreign governments instituted emergency measures as a result of the COVID-19 virus outbreak. The virus has had a major impact on North America and international securities, currency markets and consumer activity which may impact the Company's financial position, its results of future operations and its future cash flows significantly. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of future operations, financial position, and liquidity in fiscal year 2021.

18. SUBSEQUENT EVENTS

The Company's management has evaluated subsequent events up to November 29, 2021, the date the condensed consolidated interim financial statements were issued, and has determined the following material subsequent events:

On October 21, 2021, the Company entered into a business combination agreement with Prominex Resource Corp. ("Prominex") with respect to a business combination of GSL and Prominex (the "Business Combination") pursuant to which GSL agreed that it would merge with and into a subsidiary of Prominex in exchange for shares of the company resulting from the Business Combination (such company, the "Resulting Issuer"). In connection with the Transaction, the resulting issuer applied to list the common shares of the Resulting Issuer on the Canadian Securities Exchange (the "CSE"). The Business Combination was completed on November 15, 2021. Although the Business Combination resulted in the Company becoming a wholly owned subsidiary of the Resulting Issuer, the transaction constitutes a reverse take-over (the "RTO") of Prominex by the Company as the current shareholders of GSL hold the majority of the outstanding common shares of the Resulting Issuer. In connection with the RTO, Prominex changed its name to "Green Scientific Labs Holdings Inc.". On November 22, 2021, Green Scientific Labs Holdings Inc. commenced trading on the CSE under the symbol "GSL".

On November 12, 2021, the Company completed a non-brokered private placement of subscription receipts ("Subscription Receipts") pursuant to which the Company issued an aggregate of 1,176,416 Subscription Receipts at a price of $3.85 per Subscription Receipt for aggregate gross proceeds of $4,529,200 (the "Concurrent Financing"). Each Subscription Receipt consists of one membership unit and one membership unit purchase warrant ("Warrant"). Each Warrant shall entitle the holder to purchase one membership unit at a price of $4.50 for a period of 36 months following the closing date. In connection with the Concurrent Financing, the Company engaged Clarus Securities Inc. and Eight Capital (the "Advisors") to act as financial advisors. As compensation for the services rendered by the Advisors, the Company paid the Advisors a cash fee in the amount of $155,000 and issued to the Advisors an aggregate of 40,000 non-transferable warrants (the "Advisor Warrants"). Each Advisor Warrant entitles the holder to purchase one unit, comprised of one membership unit and one Warrant, at an exercise price equal to $3.85 for a period of 36 months following the closing date of the Concurrent Financing.