Green Scientific Labs Holdings Inc. (formerly Prominex Resource Corp.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(Expressed in United States Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3(a)), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

May 30, 2023

GREEN SCIENTIFIC LABS HOLDINGS INC. (FORMERLY PROMINEX RESOURCE CORP.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT
(Unaudited, expressed in United States dollars, except indicated otherwise)

	Note	March 31, 2023 $	December 31, 2022 $
Assets			
Current assets			
Cash		**70,642**	333,567
Trade receivables	**5**	**134,625**	84,433
Prepayments and deposits		**32,217**	32,524
Assets held for sale	**17**	**2,769,864**	2,954,950
Inventories		**280,830**	376,580
Total current assets		**3,288,178**	3,782,054
Non-current assets			
Prepayment and deposits		**5,574**	5,574
Investment		**50,000**	-
Intangible assets	**8**	**52,023**	61,778
Right-of-use assets	**7**	**1,830,152**	1,950,943
Total assets		**5,225,927**	5,800,349
Liabilities			
Accounts payable and other payables	**9**	**1,220,355**	1,150,226
Deposits		**300,017**	185,620
Liabilities of assets held for sale	**17**	**2,619,526**	2,580,489
Loans and borrowings	**12**	**92,067**	-
Current portion of lease liabilities	**7**	**382,692**	382,692
Total current liabilities		**4,614,657**	4,299,027
Non-current liabilities			
Lease liabilities	**7**	**1,659,115**	1,752,978
Total liabilities		**6,273,772**	6,052,005
Shareholders' (deficiency) equity			
Share capital	**10**	**16,522,789**	16,522,789
Contributed surplus	**10**	**787,048**	752,466
Warrant reserve	**10**	**1,872,467**	1,872,467
Accumulated deficit		**(20,229,434)**	(19,398,663)
Accumulated other comprehensive loss		**(715)**	(715)
Total shareholders' (deficiency) equity		**(1,047,845)**	(251,656)
Total liabilities and shareholders' (deficiency) equity		**5,225,927**	5,800,349

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

Contingencies (note 11)

Subsequent events (note 18)

GREEN SCIENTIFIC LABS HOLDINGS INC. (FORMERLY PROMINEX RESOURCE CORP.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited, expressed in United States dollars, except indicated otherwise)

	Note	March 31, 2023 $	March 31, 2022 $
Revenue		**376,553**	994,329
Operating expenses:			
Materials and consumables used		**(196,666)**	(416,715)
Employee wages and benefits		**(389,543)**	(1,199,644)
Consulting and professional fees		**(1,043)**	(155,343)
Depreciation and amortization	**6,7,8**	**(130,546)**	(298,245)
Supplies and small equipment		**(25,876)**	(54,527)
Rent and occupancy cost		**(59,253)**	(54,451)
Travel and entertainment		**(3,226)**	(57,768)
Advertising and promotion		**-**	(5,678)
General and administration		**(152,139)**	(110,405)
Share-based compensation	**10**	**(34,582)**	-
Loss from operations		**(616,321)**	(1,358,447)
Other operating expenses:			
Finance cost		**(62,931)**	(82,363)
RTO transaction		**-**	(10,849)
Gain on disposal of property and equipment		**19,935**	90,000
Gain on forgiveness of accounts payable		**22,000**	-
Impairment loss	**6**	**(70,912)**	-
Write-off of trade receivables		**-**	(16,634)
Reversal of (provision for) expected credit losses	**5**	**1,993**	39,920
		(89,915)	20,074
Loss from continuing operations		**(706,236)**	(1,338,373)
Loss after tax from discontinued operations		**(124,535)**	(633,999)
Net loss		**(830,771)**	(1,972,372)
Other comprehensive loss			
Foreign exchange translation adjustment		**-**	270
Comprehensive loss		**(830,771)**	(1,972,102)
Net loss per share:			
Net loss attributable to common shares ($) - continuing operations		**(706,236)**	(1,338,373)
Basic loss per share - continuing operations	**14**	**(0.05)**	(0.09)
Diluted loss per share - continuing operations	**14**	**(0.05)**	(0.09)
Net loss attributable to common shares ($) - discontinued operations		**(124,535)**	(633,999)
Basic loss per share - discontinued operations	**14**	**(0.01)**	(0.04)
Diluted loss per share - discontinued operations	**14**	**(0.01)**	(0.04)
Basic loss per share	**14**	**(0.05)**	(0.13)
Diluted loss per share	**14**	**(0.05)**	(0.13)

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

GREEN SCIENTIFIC LABS HOLDINGS INC. (FORMERLY PROMINEX RESOURCE CORP.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(Unaudited, expressed in United States dollars, except indicated otherwise)

		Share Capital							
	Note	Subordinate voting shares #	Multiple voting shares #	Share capital $	Contributed surplus $	Warrant reserve $	Accumulated deficit $	Accumulated other comprehensive loss $	Total $
Balance, January 1, 2023		**15,371,245**	**58,277**	**16,522,789**	**752,466**	**1,872,467**	**(19,398,663)**	**(715)**	**(251,656)**
Loss from continuing operations		-	-	-	-	-	-	-	**-**
Loss after tax from discontinued operations	**17**	-	-	-	-	-	(706,236)	-	**(706,236)**
Other comprehensive loss for the period		-	-	-	-	-	(124,535)	-	**(124,535)**
Share-based compensation	**10**	-	-	-	34,582	-	-	-	**34,582**
Shares exchange under dual share class structure	**10**	38,400	(384)	-	-	-	-	-	**-**
Balance, March 31, 2023 *(unaudited)*		**15,409,645**	**57,893**	**16,522,789**	**787,048**	**1,872,467**	**(20,229,434)**	**(715)**	**(1,047,845)**
Balance, January 1, 2022		14,701,745	64,972	**16,522,789**	465,532	1,872,467	(9,562,409)	(239)	**9,298,140**
Loss from continuing operations		-	-	-	-	-	(1,338,373)	-	**(1,338,373)**
Loss after tax from discontinued operations	**17**	-	-	-	-	-	(633,999)	-	**(633,999)**
Other comprehensive loss for the year		-	-	-	-	-	-	270	**270**
Share-based compensation	**10**	-	-	-	-	-	-	-	**-**
Shares exchange under dual share class structure	**10**	80,600	(806)	-	-	-	-	-	**-**
Balance, March 31, 2022 *(unaudited)*		**14,782,345**	**64,166**	**16,522,789**	**465,532**	**1,872,467**	**(11,534,781)**	**31**	**7,326,038**

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

GREEN SCIENTIFIC LABS HOLDINGS INC. (FORMERLY PROMINEX RESOURCE CORP.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited, expressed in United States dollars, except indicated otherwise)

	Note	Three months ended March 31, 2023 $	Three months ended March 31, 2022 $
Cash flow from operating activities			
Net loss		**(830,771)**	(1,972,372)
Loss from discontinued operations		**(124,535)**	(633,999)
Loss from continuing operations		**(706,236)**	(1,338,373)
Items not affecting cash:			
Depreciation and amortization	**6,7,8**	**130,547**	298,245
Accretion on lease liabilities	**7**	**55,203**	82,290
Write-off of trade receivables		**-**	16,634
Reversal for expected credit losses	**5**	**(1,993)**	(37,663)
Share-based compensation	**10**	**34,582**	-
Gain on disposal of property and equipment		**(19,935)**	-
Gain on forgiveness of accounts payable		**(22,000)**	
Impairment loss		**70,912**	-
Changes in non-cash working capital items:			
Decrease (increase) in trade and other receivables		**51,388**	(45,882)
Decrease in prepayments and deposits		**307**	44,497
Increase in other receivables		**-**	(4,688)
Decrease in inventories		**95,750**	105,281
Increase (decrease) in accounts payable and other payables		**92,131**	(548,634)
Decrease (increase) in deposits		**114,397**	(97,234)
Cash flow used in operating activities from continuing operations		**(104,947)**	(1,525,527)
Cash flow (used in) from operating activities from discontinued operations		**(39,983)**	248,959
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment	**6**	**(50,979)**	(853,370)
Purchase of investment		**(50,000)**	-
Cash flow used in investing activities from continuing operations		**(100,979)**	(853,370)
Cash flow used in investing activities from discontinued operations		**-**	-
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from loans and borrowings, net	**12**	**92,067**	-
Payment of lease liabilities	**7**	**(149,066)**	(381,529)
Cash flow used in financing activities from continuing operations		**(56,999)**	(381,529)
Cash flow used in financing activities from discontinued operations		**(13,768)**	-
Effect of exchange rate changes on cash		**-**	270
Decrease in cash		**(316,676)**	(2,511,467)
Reclassification of increase in cash as held for sale		**53,751**	-
Cash, beginning of period		**333,567**	5,184,166
Cash, end of period		**70,642**	2,672,969

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

(Unaudited, expressed in United States dollars, except indicated otherwise)

1. NATURE OF OPERATIONS AND GOING CONCERN

Green Scientific Labs Holdings Inc. (formerly Prominex Resource Corp.) ("GSL" or the "Company") was incorporated under the *Companies Act* (British Columbia) on April 29, 1980. The common shares of the Company, which have been redesignated as Class A subordinate voting shares ("Subordinate Voting Shares") are traded on the Canadian Securities Exchange ("CSE") under the stock symbol "GSL". The head office of 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.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will, in the foreseeable future realize on its assets and discharge its liabilities in the normal course of business as they come due. Accordingly, the consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in these consolidated financial statements. Such adjustments could be material. As at March 31, 2023, the Company had working capital shortfall of $1,326,479 and an accumulated deficit of $20,229,434. These circumstances create material uncertainties that cast significant doubt as to the Company to continue as a going concern and, hence, as to the appropriateness of the use of accounting principles applicable to a going concern.

2. BASIS OF PRESENTATION AND MEASUREMENT

The unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2023 and 2022 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, 2022 and 2021.

These condensed consolidated interim financial statements for the three months ended March 31, 2023 and 2022 were approved and authorized for issue by the Board of Directors of the Company on May 30, 2023. 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 the Company has 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 the Company's involvement with the entity and have the ability to affect those returns through the 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.

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 IL, LLC	100	United States
Green Scientific Labs CT, LLC	100	United States

**During the year ended December 31, 2022, the Company divested Green Scientific Labs NJ, LLC. See note 4.*

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 shareholders of the Company.

Functional and Presentation Currency

GSL's functional currency is the Canadian dollar and those of its wholly owned subsidiaries, as determined by management, is the United States ("U.S.") dollar. For financial reporting purposes, the condensed consolidated interim financial statements of the Company have been presented in the U.S. dollars, the presentation currency.

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 of property and equipment and intangible assets*

Depreciation of property and equipment and amortization of intangible assets are 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) *Impairment of property and equipment and right-of-use assets*

The Company tests whether property and equipment and right-of-use assets have suffered impairment in accordance with IAS 36, Impairment of Assets. Management is required to use judgment in reviewing impairment indicators. The Company has concluded that it has only one cash-generating unit ("CGU") and tests for impairment on that basis. In determining the recoverable amount of a CGU, various estimates are employed. The recoverable amount of a CGU is the higher of its fair value less costs of disposal ("FVLCS") or value in use ("VIU"). FVLCS is estimated with reference to observable market transactions or measured using discounted cash flow projections. The VIU is calculated based on a discounted cash flow model. The discount rate requires the use of management judgment, particularly with respect to entity specific risk premiums. Judgment is also required in determining the effective terminal rate, which is based on management's assessment of the longer-term outlook of the Company.

(iii) *Fair value of share-based payments and warrants*

Management uses the Black-Scholes option-pricing model to calculate the fair value of share-based payments and warrants. Management considers factors that knowledgeable, willing market participants would consider when selecting the appropriate valuation model to apply. Use of this method requires management to make assumptions and estimates about the share price on the measurement date, expected useful life of the instruments, expected dividends, the risk-free rate (based on government bonds), the expected volatility of the Company's share price (based on weighted average historical volatility of comparable companies adjusted for changes expected due to publicly available information) and the probabilities of certain events occurring. In making these assumptions and estimates, management relies on historical market data. The inputs to the model are subject to estimate and changes in these inputs can materially impact the estimated fair value of these instruments. The fair value reported may not represent the transaction value if these options or warrants were exercised/exchanged at any point in time.

(iv) *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 statements of loss and comprehensive loss.

(vi) *Assets held for sale*

The Company classifies assets and liabilities as held for sale in accordance with *IFRS 5, Non-current assets held for sale and discontinued operations*. Management is required to use judgement in assessing whether certain criteria under IFRS 5 are met, including whether a sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. The assets or disposal groups are measured at the lower of their carrying amount and estimated fair value less costs of disposal, which Management determines based on market factors.

(v) *Expected credit losses*

In calculating the expected credit loss on financial assets carried at amortized cost, 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.

(vi) *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.

(vii) *Deferred tax assets*

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. Changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in the provision for income taxes.

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.

(Unaudited, expressed in United States dollars, except indicated otherwise)

IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors was amended. The amendment introduces the definition of an accounting estimate and sets criteria to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendment is effective for annual periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The implementation of this amendment is not expected to have a significant impact on the Company.

4. SALE OF SUBSIDIARY AND LEASE ASSUMPTION

During the year ended December 31, 2022, the Company completed the sale of its wholly owned subsidiary, Green Scientific Labs NJ, LLC ("GSL NJ") to an arm's length party. The purchaser also assumed the Company's office lease under Green Scientific Labs IL, LLC. In connection with the disposition, the Company received cash consideration of $462,668. The Company recognized a loss on disposal as follows:

	December 31, 2022
	$
Net liabilities disposed	(364,444)
Impairment of intercompany balances with New Jersey	1,276,813
Proceeds from sale	(462,668)
Reclassify as discontinued operations	(151,260)
Loss on sale of assets	298,441

5. 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:

	March 31, 2023	**December 31, 2021**
	$	**$**
Opening balance, January 1	**14,070**	45,473
Provision for expected credit losses	**(30,989)**	4,335
Reclassify as held for sale	**28,996**	(35,738)
Ending balance	**12,077**	14,070

(Unaudited, expressed in United States dollars, except indicated otherwise)

6. PROPERTY AND EQUIPMENT

As at March 31, 2023 and December 31, 2022, property and equipment consisted of:

	Leasehold improvements $	Furniture and equipment $	Computer software $	Vehicles $	Total $
Cost					
Balance, January 1, 2022	**1,190,617**	**3,326,694**	**224,725**	**79,325**	**4,821,361**
Additions	642,325	581,600	155,348	-	1,379,273
Disposals	(493,687)	(1,326,920)	-	-	(1,820,607)
Impairment	(968,489)	(2,085,493)	(380,073)	(79,325)	(3,513,380)
Reclassify as assets held for sale	(370,766)	(495,881)	-	-	(866,647)
Balance, December 31, 2022	-	-	-	-	-
Additions	-	-	21,910	49,002	70,912
Impairment			**(21,910)**	**(49,002)**	(70,912)
Balance, March 31, 2023 *(unaudited)*	-	-	-	-	-
Accumulated depreciation					
Balance, January 1, 2022	**144,577**	**703,583**	**9,667**	**5,776**	**863,603**
Depreciation	335,352	557,077	43,687	17,816	953,932
Disposals	(120,362)	(31,015)	-	-	(151,377)
Impairment	(200,199)	(1,168,592)	(53,354)	(23,592)	(1,445,737)
Reclassify as assets held for sale	(159,368)	(61,053)			(220,421)
Balance, December 31, 2022 and March 31, 2023 *(unaudited)*	-	-	-	-	-
Net book value					
At December 31, 2022	-	-	-	-	-
At March 31, 2023 *(unaudited)*	-	-	-	-	-

7. 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, 2022	**2,620,131**	**4,994,084**	-	**7,614,215**
Lease additions	461,073	-	-	461,073
Lease modifications and terminations	(1,425,028)	-	-	(1,425,028)
Impairment	(481,893)	-	-	(481,893)
Free rent applied	(78,263)	-	-	(78,263)
Reclassify to held for sale	(389,081)	(2,006,247)	-	(2,395,328)
Balance, December 31, 2022 and March 31, 2023 *(unaudited)*	**706,939**	**2,987,837**	-	**3,694,776**
Accumulated amortization				
Balance, January 1, 2022	**226,869**	**1,280,412**	-	**1,507,281**
Amortization	339,766	837,287	-	1,177,053
Lease modifications and terminations	(195,338)	-	-	(195,338)
Impairment	(140,861)	-	-	(140,861)
Reclassify to held for sale	(136,178)	(468,124)	-	(604,302)
Balance, December 31, 2022	**94,258**	**1,649,575**	-	**1,743,833**
Amortization	11,782	109,009	-	120,791
Balance, March 31, 2023 *(unaudited)*	**106,040**	**1,758,584**	-	**1,864,624**
Net book value				
At December 31, 2022	612,681	1,338,262	-	1,950,943
At March 31, 2023 *(unaudited)*	**600,899**	**1,229,253**	-	**1,830,152**

(Unaudited, expressed in United States dollars, except indicated otherwise)

During the year ended December 31, 2022

a) The Company partially vacated an office lease in Florida. As a result, it derecognized right-of-use assets with a carrying value of $409,101 and lease liabilities of $466,486, and a gain on lease modification of $57,385.
b) During the year, the Company was evicted from its Michigan lease due to non-payment. As a result, the Company fully impaired the carrying value of the related right-of-use asset, with a carrying value of $341,032.
c) In connection with the sale of GSL NJ and Illinois lease, the Company disposed of right-of-use assets with a carrying value of $820,589 and lease liabilities of $916,735, and recognized a gain on sale of assets of $96,146.
d) As at December 31, 2022, the Company had reclassified any remaining right-of-use of its Arizona operations as held for sale, with a carrying value of $1,177,053, and corresponding lease liabilities of $2,245,752.

Lease liabilities

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

Balance, January 1, 2022	5,982,459
Additions	461,073
Accretion	116,168
Payments	(1,749,332)
Free rent	(78,263)
Lease modifications and terminations	(466,486)
Reclassfify to held for sale	(2,129,949)
Balance, December 31, 2022	2,135,670
Accretion	116,168
Payments	(325,834)
Reclassfify to held for sale	115,803
Balance, March 31, 2023 (unaudited)	2,041,807

Interest expense on lease liabilities for the 3 months ended March 31, 2023, was $55,203 (2022 - $82,290) from continuing operations and $60,965 from discontinued operations (2022 – $88,798). During the 3 months ended March 31, 2022, the incremental borrowing rate applied ranges from 9.57% to 13.19%. The Company's minimum contractual undiscounted cash flows for lease obligations as at March 31, 2023 and December 31, 2022:

	March 31, 2023	**December 31, 2022**
	$	**$**
Undiscounted lease liabilities		
Within 1 year	**607,986**	609,584
2 to 3 years	**1,080,333**	1,157,050
Thereafter	**1,476,608**	1,552,086
Total undiscounted lease liabilities	**3,164,927**	3,318,720
Impact of discounting	**(1,123,120)**	(1,183,050)
Present value of lease liabilities	**2,041,807**	2,135,670
Less: current portion of lease liabilities	**(382,692)**	(382,692)
Non-current portion of lease liabilities	**1,659,115**	1,752,978

8. 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. In September 2022, the Company paid $78,036 to renew the operating license for an additional 2 years.

(Unaudited, expressed in United States dollars, except indicated otherwise)

	License $
Cost	
Balance, January 1, 2022	**62,945**
Additions	78,035
Balance, December 31, 2022	**140,980**
Additions	-
Balance, March 31, 2023 *(unaudited)*	**140,980**
Accumulated depreciation	
Balance, January 1, 2022	**57,700**
Depreciation	21,502
Balance, December 31, 2022	**79,202**
Depreciation	9,755
Balance, March 31, 2023 *(unaudited)*	**88,957**
Net book value	
At December 31, 2022	61,778
At March 31, 2023	**52,023**

9. ACCOUNTS PAYABLE AND OTHER PAYABLES

	March 31, 2023 $	December 31, 2022 $
Accounts payable	1,275,048	1,151,985
Other payables	76,440	170,660
Accrued liabilities	195,444	162,318
	1,546,932	1,484,963
Reclassify to held for sale	(326,577)	(334,737)
Less: Non-current other payables	-	-
Current portion	1,220,355	1,150,226

Accounts payable is non-interest bearing and are normally settled on 30 to 60-day terms. Accrued liabilities and current portion of other payables are non-interest bearing and have an average term of three months to twelve months.

10. SHAREHOLDERS' EQUITY

Authorized share capital
The Company is authorized to issue an unlimited number of Subordinate Voting Shares and an unlimited number of Multiple Voting Shares, both without par value.

Subordinate Voting Shares
Holders of Subordinate Voting Shares will be entitled to notice of and to attend and vote at any meeting of the shareholders of the Company, except a meeting of which only holders of another class or series of shares of the Company will have the right to vote. At each such meeting, holders of Subordinate Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share held.

Multiple Voting Shares
Holders of Multiple Voting Shares will be entitled to notice of and to attend and vote at any meeting of the shareholders of the Company, except a meeting of which only holders of another class or series of shares of the Company will have the right to vote. At each such meeting, holders of Multiple Voting Shares will be entitled

(Unaudited, expressed in United States dollars, except indicated otherwise)

to 100 votes in respect of each Multiple Voting Share held.

Each Multiple Voting Share shall be convertible, at the option of the holder thereof, into such number of Subordinate Voting Shares as is determined by multiplying the number of Multiple Voting Shares in respect of which the share conversion right is exercised by 100. The ability of a holder to convert the Multiple Voting Shares during the period (the "Restricted Conversion Period") prior to September 1, 2022 is subject to a restriction that, unless the Company's Board determines otherwise, the aggregate number of Subordinate Voting Shares and Multiple Voting Shares held of record, directly or indirectly, by residents of the United States (as determined by the applicable laws and regulations), may not exceed 40% of the aggregate number of Subordinate Voting Shares and Multiple Voting Shares and outstanding after giving effect to such conversions, determined in accordance with the articles of the Company.

Outstanding share capital as at March 31, 2023 and December 31, 2022

		Number of Subordinate Voting Shares	Number of Multiple Voting Shares	Share capital
				$
Balance, January 1, 2022		14,701,745	64,972	16,522,789
Conversion of Multiple Voting Shares into Subordinate Voting Shares	(i)	669,500	(6,695)	-
Balance, December 31, 2022		15,371,245	58,277	16,522,789
Conversion of Multiple Voting Shares into Subordinate Voting Shares	(ii)	38,400	(384)	-
Balance, March 31, 2023 *(unaudited)*		**15,409,645**	**57,893**	**16,522,789**

Year ended December 31, 2022

i) During the year, 6,695 Multiple Voting Shares of the Company were converted into 669,500 Subordinate Voting Shares of the Company at a ratio of 1:100.

Three months ended March 31, 2023

ii) During the period, 384 Multiple Voting Shares of the Company were converted into 38,400 Subordinate Voting Shares of the Company at a ratio of 1:100.

Long term incentive plan

On November 15, 2021, and as amended on June 22, 2022, the Company adopted a Long Term Incentive Plan ("LTIP") which includes the stock options, Restricted Share Unit ("RSU") Plan and Deferred Share Unit (the "DSU"). The Incentive Plan is administered by the Board of Directors, which sets the terms of incentive awards under the Incentive Plan. The maximum number of common shares available for issuance under the LTIP is limited to 10% of the Company's outstanding common shares at any one time.

Restricted Share Units ("RSU")

During the year December 31, 2022, under the Company's LTIP, 175,000 RSUs were issued to directors, with vesting terms ranging from immediately to quarterly over 2 years beginning on the 3-month anniversary of the grant date. As at March 31, 2023, the Company had 175,000 RSUs outstanding, of which 137,500 were vested. During the three months ended March 31, 2023, the Company recognized share-based compensation expense of $1,773 related to RSUs (the three months ended March 31, 2022 - $nil).

Stock options

The Company's Board of Directors is authorized to grant stock options to directors, officers, employees, consultants, consulting companies or management company employees of the Company and its subsidiaries, not exceeding 10% of the issued and outstanding Subordinate Voting Shares and the Multiple Voting Shares calculated on an as-converted to Subordinate Voting Share basis of the Company. Stock options granted are exercisable over a period not exceeding 10 years from the date granted. Options shall vest in the manner imposed by the Board of Directors as a condition at the grant date.

(Unaudited, expressed in United States dollars, except indicated otherwise)

The following table summarizes the Company's stock option activity for the periods indicated:

	Number of options	Weighted average exercise price $
Balance, January 1, 2021	-	-
Replacement options*	76,500	3.75
Balance, January 1, 2022	76,500	3.75
Granted	1,520,000	0.22
Balance, December 31, 2022 and March 31, 2023 *(unaudited)*	1,596,500	0.39

During the year ended December 31, 2022, 1,520,000 options were granted with vesting periods ranging from immediate to 24 months. During the three months ended March 31, 2023, the Company recognized share-based compensation with respect to stock options of $31,036 (2022 - $nil).

The following table presents information related to the stock options outstanding as at March 31, 2023:

Grant date	Exercise price ($)	Weighted average remaining life (yrs)	Number of options outstanding	Number of options exercisable
October 15, 2021	3.75	0.56	76,500	76,500
June 22, 2022	0.50	9.24	100,000	-
August 17, 2022	0.20	9.39	1,420,000	694,375

The fair value of the Company's stock options was estimated using the Black-Scholes option pricing model using the following assumptions:

	Year ended December 31, 2022
Volatility	160.7% - 213.3%
Risk-free interest rate	2.85% - 3.41%
Expected life (years)	10 years
Dividend yield	Nil
Forfeiture rate	Nil
Weighted average fair value per common share	$0.20 to $0.50

Warrants

The following table summarizes the Company's warrants activity for the periods indicated:

	Number of Warrants	Weighted average exercise price $
Balance, January 1, 2022	-	-
Issued	1,216,416	4.48
Balance, December 31, 2021 and March 31, 2023 *(unaudited)*	1,216,416	4.48

The following table presents information related to warrants outstanding as at March 31, 2023 and December 31, 2022:

(Unaudited, expressed in United States dollars, except indicated otherwise)

Issue Date		Weighted Average Remaining Life (yrs)	Number of Warrants Outstanding
November 12, 2021	(1), (2)	1.62	1,216,416

11. CONTINGENCIES

In the normal course of business, the Company may be involved in legal proceedings, claims and assessments arising in the ordinary course of business. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance. Legal fees for such matters are expensed as incurred and the Company accrues for adverse outcomes as they become probable and estimable.

12. LOANS AND BORROWINGS

Vehicle loans
During the period, the Company obtained financing for the purchase of vehicles in the amount of $37,443. The loan are payable in equal instalments over 36 months with an annual interest rate of 9.74%. As at March 31, 2023, the balance of the loans was $37,007.

Advance from related party
During the period, the Company received a $55,000 advance from the CEO. This amount is interest free and due on demand. As at March 31, 2023, the balance of this note was $55,000.

Secured revolving note
On February 28, 2023, the Company entered into a revolving note with the third-party prospective purchaser to acquire (the “Acquisition”) its Arizona operations. The note is secured by the membership interests of Green Scientific Labs AZ, LLC. The note bears interest at the 30-day average Secured Overnight Financing Rate as published by the Federal Reserve Bank of New York, plus a 2.12%. The note is repayable 6 months after the termination of negotiations with the purchaser by the Company. Should the purchaser terminate or complete the Acquisition, this note shall be forgiven. As at March 31, 2023, the balance of this note was $163,000. Subsequent to the period, the Acquisition closed and this note was forgiven in full (note 18).

13. RELATED PARTY TRANSACTIONS

Related parties are defined as management and members of the Company and/or members of their immediate family and/or other companies and/or entities in which a board member or senior officer is a principal owner or senior executive. Other than disclosed elsewhere in the condensed consolidated interim financial statements, related party transactions and balances are as follows:

	Three months ended March 31, 2023	Three months ended March 31, 2022
	$	$
Short-term compensation	37,500	200,660
Share-based compensation	14,115	-
	51,615	**200,660**

As at March 31, 2023, the balance owing to the CEO of the Company was $55,000 (see note 12).

14. LOSS PER SHARE

The following table shows the components used in the calculation of basic and diluted loss per share for loss attributable to common shareholders.

(Unaudited, expressed in United States dollars, except indicated otherwise)

	Three months ended March 31, 2023	Three months ended March 31, 2022
Weighted-average number of shares outstanding - basic (#)	**15,373,665**	14,751,001
Weighted-average number of shares outstanding - diluted (#)	**15,373,665**	14,751,001
Net loss attributable to common shares ($) - continuing operations	**(706,236)**	(1,338,373)
Basic loss per share - continuing operations	**(0.05)**	(0.09)
Diluted loss per share - continuing operations	**(0.05)**	(0.09)
Net loss attributable to common shares ($) - discontinued operations	**(124,535)**	(633,999)
Basic loss per share - discontinued operations	**(0.01)**	(0.04)
Diluted loss per share - discontinued operations	**(0.01)**	(0.04)
Basic loss per share	**(0.05)**	(0.13)
Diluted loss per share	**(0.05)**	(0.13)

The Company’s potentially dilutive securities which include stock options and warrants have been excluded from the computation of diluted loss per share as the effect would be to reduce the loss per share. Therefore, the weighted-average number of common share outstanding used to calculate both basic and diluted net loss per share attributable to common shareholders is the same. For the three months ended March 31, 2023, the Company excluded 176,500 and 1,256,416 common shares issuable, respectively, upon exercise of the Company’s stock options and warrants as the effect was anti-dilutive.

15. CAPITAL MANAGEMENT

The Company’s objectives when managing capital are to ensure sufficient liquidity to support its financial obligations and to execute its operating and strategic plans, managing healthy liquidity reserves and access to capital. The Company manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support business development. The directors do not establish quantitative return on capital criteria for management, but rather rely on the expertise of the Company’s management to sustain future development of the business. In order to carry out the planned business development and pay for administrative costs, the Company will spend its existing working capital and seek to raise additional amounts, as needed. The Company is not subject to externally imposed capital requirements apart from the need to maintain its listing in accordance with stock exchange requirements. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company plans to use existing funds, as well as funds from the future sale of services, to fund operations and expansion activities. However, the Company may attempt to issue new shares or issue new debt for acquisitions. There can be no assurance that the Company will be able to continue raising capital in this manner.

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 gross carrying values, are shown in the table below:

(Unaudited, expressed in United States dollars, except indicated otherwise)

	March 31, 2023 $	December 31, 2022 $
Financial assets at amortized cost		
Cash	70,642	333,567
Trade receivables	134,625	84,433
Other receivables	-	-
Total financial assets	**205,267**	**418,000**
Financial liabilities at amortized cost		
Accounts payable and other payables	1,220,355	1,150,226
Lease liabilities	2,041,807	2,135,670
Total financial liabilities	**3,262,162**	**3,285,896**

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 three months ended March 31, 2023 and the year ended December 31, 2022.

As at March 31, 2023 and December 31, 2022, there were no financial assets or liabilities measured and recognized in the consolidated statements of financial position at fair value that would be categorized as Level 3 in the fair value hierarchy above.

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. Management mitigates 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 March 31, 2023 and December 31, 2022 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 21% and 35% of its total trade receivables balance as at March 31, 2023 and December 31, 2022, respectively. Three of the Company's customers accounted for 21% of total revenue (2022 – 40%). 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:

	0-30 days	31-60 days	61-90 days	91+ days
March 31, 2023	37%	8%	5%	20%
December 31, 2022	77%	5%	2%	17%

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:

(Unaudited, expressed in United States dollars, except indicated otherwise)

	Less than 1 year	2 to 3 years	4 to 5 years	Greater than 5 years	Total
	$	$	$	$	$
Accounts payable and other payables	1,220,355	-	-	-	**1,220,355**
Lease liabilities	607,986	1,080,333	1,476,608	-	**3,164,927**
March 31, 2023 *(unaudited)*	**1,828,341**	**1,080,333**	**1,476,608**	**-**	**4,385,282**
Accounts payable and other payables	1,150,226	-	-	-	**1,150,226**
Lease liabilities	609,584	1,157,050	1,552,086	-	**3,318,720**
December 31, 2022	**1,759,810**	**1,157,050**	**1,552,086**	**-**	**4,468,946**

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 bear fixed interest rates. As at March 31, 2023, the Company's secured revolving note (note 11) was the only financial liability with a floating interest rate.

17. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

During the year ended December 31, 2022, the Company disposed of its interest in GSL NJ subsidiary and decided to cease its operations in Michigan, Connecticut, and Illinois. As at March 31, 2023, it was also actively seeking a sale of its Arizona operations. The related assets and liabilities have been presented as held for sale and are as follows:

	March 31, 2023	December 31, 2022
	$	$
Cash	108,187	161,938
Trade receivables	30,685	113,022
Prepayments and deposits	16,339	16,749
Inventories	177,427	226,014
Property and equipment	646,202	646,202
Right-of-use assets	1,791,025	1,791,025
Accounts payable and other payables	(326,577)	(334,737)
Loans and borrowings	(163,000)	-
Lease liabilities	(2,129,949)	(2,245,752)
Net assets held for sale	150,339	374,461

Analysis of the result of discontinued operations is as follows:

(Unaudited, expressed in United States dollars, except indicated otherwise)

	Three months ended March 31, 2023 $	Three months ended March 31, 2022 $
Revenue	393,730	166,666
Materials and consumables used	(128,602)	(33,319)
Reversal of (provision for) expected credit losses	28,996	(2,257)
General and administration	(52,035)	(57,636)
Supplies and small equipment	(633)	(51,966)
Rent and occupancy cost	(44,152)	(43,514)
Finance cost	(60,965)	(88,798)
Advertising and promotion	(750)	(408)
Travel and entertainment	(1,818)	(22,049)
Employee wages and benefits	(258,306)	(243,536)
Consulting and professional fees	-	(3,772)
Depreciation and amortization	-	(253,410)
Net and comprehensive loss from discontinued operations	(124,535)	(633,999)

In assessing the fair values of the assets and liabilities, the Company determined that all assets and liabilities had a fair value which is equal to net book value.

18. SUBSEQUENT EVENTS

Subsequent to the period, the Company completed its sale of all of the membership interests in Green Scientific Labs AZ, LLC to a third party for gross proceeds of $200,000 less any closing indebtedness and any amounts outstanding arising from any enforcement actions by the Arizona Department of Health Services. As a result of the sale, the secured revolving note (note 12) was forgiven by the purchaser.